THE
TICKER
AND
INVESTMENT DIGEST

Investment: The placing of capital in a more or less permanent way, mainly for the income to be derived therefrom.

Speculation: Operations wherein intelligent foresight is employed for the purpose of deriving a profit from price changes.

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Wall Street Observations

The Stock Exchange—Panics of the Last Quarter Century

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I BELIEVE that in spite of all that has been said, as large a proportion of business is done in Wall Street on the highest plane of integrity and ability as on any other street. To be sure, there are fakes and crooks and rascals, but I believe that the percentage is no larger there than elsewhere. I have the pleasure of knowing personally a good many of the Governors of the New York Stock Exchange, some of them intimately, and I believe that the Governors of the Stock Exchange are just as anxious to have things right as the Governor's commission or the Governor himself. I believe that the representatives of the Governors of the Exchange have made a very favorable impression upon the commission appointed by the Governor, and I am hopeful that the report that they make, when we get it, will not make unfavorable reading. At the same time they will have to make some suggestions and criticisms, for they have been appointed for that purpose, and have got to make good. But if the suggestions are wise and prudent, I believe that no one will be more heartily in favor of adopting them than the Governors of the Stock Exchange and the others down there.

After all this has been said, we, nevertheless, must admit, and frankly, that there is a very widespread and deep-seated feeling of hostility in the public mind towards Wall Street and the Stock Exchange. A good many papers, journals and magazines find it profitable to publish articles catering to that sentiment. The proprietor of a large magazine recently told me that it would not be safe or wise for any magazine to attempt to publish a series in defense of Wall Street; there would be no demand for it, the subscription list would fall away and the gate receipts would diminish rapidly.

*Part of an address delivered at West Side Y. M. C. A., New York, April 28, 1909.

Why is this so? I believe a good many reasons could account for it, some of which appear to me to be the following:

There has been, during the last five or ten years, a very marked and rapid increase in socialistic sentiment in this country, one phase of which is antagonism to wealth. Quite a number of men who figure in the public eye as our most wealthy citizens are connected directly or indirectly more or less closely with Wall Street. Another reason is that the few men who have gone wrong in Wall Street (I say "few" advisedly, because I believe they are comparatively very few), have conducted their operations on such a large scale that they have involved a great many others with them, and they have achieved a great deal of notoriety through the columns and pages devoted to them in the newspapers. In that way the impression goes around that that kind of thing is a sample of Wall Street and not the exception.

Perhaps another reason we might give could be summed up in one word—Lawson. Perhaps, for another reason, it is true that a great many people attempt to make money in Wall Street speculating, and come out at the wrong end of the horn. It seems as though nearly everybody was burning with something inside of them which led them, before they got through, to take a "flyer" in Wall Street, and as nine times out of ten, or, perhaps, ninety-nine times out of a hundred, they lose money, there is a tendency to feel that they have a grievance against Wall Street.

For these reasons, perhaps, and a number of others which will suggest themselves to you, this feeling exists. But I am sure that if all the facts were known as they are and the whole state of the case exhibited in such a way that the good and the bad could be sized up in their real proportions, this feeling would undoubtedly be very much softened. Yet I am not claiming that Wall Street is by any means perfect.

As I have watched "the game" proceed down there for a quarter of a century, it seems to me that the trouble may be very largely summed up in two words—TOO MUCH. Wall Street overdoes things. This is not a tendency that is confined by any means to Wall Street; it is a national characteristic of the American people and crops out everywhere. We are a people of about ninety millions, intelligent, active and industrious, fond of working, fond of making money and very fond of spending it after we have made it. We go in for size. We like very much to have an office building that is the largest in the world, and put a tower on one corner of it that is the tallest tower in the world. We like to break records. We are living in a country that is a sort of a record-breaker itself, a country which last year produced over seven billion dollars in values out of the ground; a country in which the hens lay five hundred million dollars' worth of eggs each year. When you get this kind of a combination, this kind of a people, living in this kind of a country, when we get a-going we hit up a tremendous pace.

There is a speed limit beyond which it is unsafe for automobiles to go, and similarly there is a speed limit beyond which it is not safe for business to go. But, ignoring the experiences of the past and all the rules of safety on the road, we plunge ahead on this business "joy ride," and before long something looms up that corresponds to a curve or a telegraph pole; and then comes the crash and the long period of recuperation. The "joy ride" becomes, in the Wall Street manifestation of this symptom, a bull market, booming along tremendously; one thing and another answers the purpose of the curve and the telegraph pole. Something looms up unexpectedly. The crash is the panic, and the long period of recuperation is the long period of business dulness that always follows a panic.

And so we have these alternate booms and panics in Wall Street, and these are the "lights and shadows" of Wall Street; and as Wall Street is a very sentimental and sensitive place, the lights are very bright and the shadows are very dark.

Having been down there so long, I think I have earned the right to "reminisce," and this is the first chance I have had. With your permission I should like to go back a little over some of these panics.

I went down to Wall Street to commence an important business career in 1883, as a clerk in a banking house. It was a very stormy day, I remember, and in order to make a good impression I bought a handsome silver-handled silk umbrella, which I stood in the corner. When I went to look for it it was gone. This confirmed the stories I had heard about Wall Street.

One year after I went down there we had a panic. (It was after I had been down there a year in the sense of time, not in the sense of cause and effect.) The firm with which I was employed had been doing so much too much that when they failed they carried along a number of other concerns and practically closed their doors. There was a distressing time. I had no interest in the market at that time. The only thing at stake for me was my six dollars a week. (I started in 1883 at five dollars and was promptly raised in 1884 to six.) I think that was the only panic I ever really enjoyed. I recall, on the day of the greatest excitement, that I rushed out at the earliest moment for lunch and joined with great enthusiasm in the excited throngs that were going up and down Wall Street, and pushed into the lines of several runs on savings banks, in none of which I had any deposit.

We ran along for a while until 1890, when we struck another panic. I remember the date very well, November, 1890, for I was down South on my wedding tour at the time. I was playing whist one evening at the hotel—this fatal evening—when I received a telegram saying that Baring Brothers had failed, things were upset, and I had better come back. Of course they were upset, for at that time the failure of Baring Brothers was just about as much of a market crisis as the failure of J. P. Morgan & Company would be tomorrow. One of the men with whom I was playing that evening was the president of one of the large banks here in the city. He died about three months afterwards, and it turned out that he was short with the bank some three or four hundred thousand dollars, and the telegram that I read to him that night probably was the reading of his doom. He had been doing too much.

In 1892 we left Brown Brothers & Company and started in on the Stock Exchange. In 1893 we had another panic. I moved in 1883, and a year later we had a panic. I changed in 1892, and a year later we had another panic. I changed in 1896, and we had a panic a year later. Keep your eye on me, and the next time I move, get short of the market!

1893 was called a "currency" panic. It looked as though the country was sliding on a silver basis, which meant a readjustment of values. Nobody knew just exactly just what it did mean. As a result, everybody was laying hands on all the gold coin and gold certificates they could get, either themselves or through the leading money brokerage houses, and as a result currency became very scarce. I remember walking down Wall Street with one hundred thousand dollars in a bag, for which I had to pay four thousand dollars premium. I think that was a higher premium than we reached in the panic of 1907.

That was shortly after we had started business, and we had not gotten going enough to be doing a very large business, so we were not in very great danger. At the same time we were very much disturbed, and I remember my partner, Mr. Mabon, saying he could not stand it. He said we ought to sell something more and get in a perfectly easy condition. I told him he could not sell too much of anything to suit me. He went to the Stock Exchange, and when he returned, I asked him, "What did you sell?" "I sold a hundred Erie at eight!" "Why," I said, "George, that is only eight hundred dollars. That won't do us any good." "Well," he said, "that is all I could think of that we had." (Eight was the lowest price that Erie ever sold at; it never went one-quarter lower. And the gentleman for whom we

sold it, without his knowledge, as a result of the sale, owed us a thousand dollars, and owes it yet.)

Things were moving along lively then. The next panic came along in 1895—this was a great time to start a business. In December, 1895, a week before Christmas, the market looked just as normal and healthy as the market looked today, but at twelve o'clock noon a message was sent in by President Cleveland to Congress, which has since been known as the "Venezuela" message. Nobody knew exactly what it meant, but after an hour or so the market began to fall, and at three o'clock closed pretty well down, just enough to make you think it was time to buy more to average up, or to sell out on the rally. On the following morning the newspapers came out with scare lines to the effect that as a result of the message war between England and the United States was inevitable. You can imagine what happened to the market; there wasn't much, if any. Things went from bad to worse until Saturday noon, when the market closed utterly demoralized. On Sunday, however, the big fellows got together, and on Monday morning the worst was over.

To show the rapidity of the drop in that market, I remember we had an order to get $100,000 Canada Southern First 5s at 111, but the institution or party didn't want any part of the $100,000; it was all or none. We were accumulating them at 111, and had reached about $50,000 or $60,000. On Wednesday morning we were paying 111 for the other forty or fifty. On Thursday morning we were trying to clean house, and offered the $60,000 at par, and listened very attentively for somebody to peep. Nobody peeped. The market had absolutely gone to pieces.

The very next year we had a panic. I am not quite sure that it was a panic, but it had some of the elements. That was the year in which Bryan *began* to run. Along in August of that year it looked as though he was going to win, and there was simply no market to speak of—dead as a door nail, and prices way down below the range of ordinary panic prices. I remember standing on the floor of the Exchange on that hot August day, and seeing St. Paul sell at 49, Burlington & Quincy and Northwest at 80, and other prices to correspond. Seats on the Exchange sold that year at fourteen thousand dollars. There was none of the excitement and tremendous dealings that ordinarily accompany a panic; it was a quiet, dismal affair, but prices were panicky and money was panicky. I remember there were only two kinds of loans at that time; one was a loan up to Election Day, and the other was a loan over Election Day. The rate up to the day before was nominal; the rate to the day after was a matter of personal adjustment. I sat in the office of a bank with the president when he arranged a loan, which had something on the side which made it equivalent to between thirty and forty per cent. per annum, with the understanding that the margin should not be allowed to fall below thirty per cent. or the loan would be sold out. And I regarded the transaction as a highly favorable one.

Of course, Bryan did not get elected; McKinley was elected. And then we started in on a "joy ride" which continued until 1901. In May of that year we were speeding along at about one hundred miles an hour, when we tried to turn a corner—the "Northern Pacific" corner—and we got ditched. That May 9, 1901, was actually the most spectacular one that Wall Street has ever seen or ever will see. For perpendicular drop and quick recovery nothing like it has ever been known. I was in the office, Mr. Mabon was on the floor. About half-past ten o'clock Northern Pacific began to shade off, and the rest to drag. I thought I would fatten our loans. Union Pacific was selling at par, and I sent around to one of the banks a hundred Union Pacific in order to margin a loan ten per cent. additional and make it look good. By the time it reached the bank the market had dropped so much that the loan was worse with the 100 shares of Union Pacific in than it had been without it. But before the bank had time to notify us that they

would like some more Union Pacific, the market came up, so that the bank was very glad to take the Union Pacific. That sounds like an exaggeration, but it is not.

A man came into our office and bought Missouri Pacific, then selling at par. He said, "Sell 100 shares at the market." I shipped the order over to Mr. Mabon, and the 100 shares were sold at 85. We thought there was some mistake. We 'phoned, "Is 85 right for Missouri Pacific?" "Yes," he said, "it is now selling at about 75, but we got out before the last break."

Delaware & Hudson had been selling that morning at 165, and sold down to 105—60 points down—and the next sale was 115, when we got an order to buy up to 125. We shipped the order over to the Exchange, and word came back, "Delaware & Hudson 150 bid." It seems like a dream, but it is true. Union Pacific went down 37 points that day; St. Paul, 31, before the close of the market.

One of the prettiest turns I ever saw in Wall Street happened that day. A man came up to the rail (they had a rail in those days, and it was easier to get at than now), and said, "I cannot get at my own broker, but I would like you to buy 3,000 Steel common and 3,000 Steel preferred." Steel common was then 32. Mr. Mabon got it at 26 for the common, and the preferred correspondingly, and the entire 6,000 shares went up the same day 15 points, the market had such a sharp rally.

One interesting incident occurred that day which I will never forget. The afternoon before, a man had sold through our office 100 Northern Pacific at about 200, and that afternoon they found that the stock certificate was in a safe deposit box down in Wilmington, Del. We explained to him the dangers and difficulty of the situation, and said he must surely have it there the next day for delivery. We made special arrangements for getting the stock, and he brought the certificate in at about one o'clock in the afternoon of the day of the corner, when the stock was selling at 1,000. I looked at the certificate and found it was in his name as guardian; there were no legal papers attached, and the books were closed. I explained to him the danger of the situation, and he threw himself out on the lounge and nearly passed away when I suggested that there was a matter of eighty thousand dollars involved, which he said he didn't care to lose. The only thing to do was to go to Morgan's and see if they would fix the thing up. I went around to the back room and saw one of the firm, and explained the situation; and immediately they handed me a "good delivery" certificate, taking the one in the name of guardian. When I came back and reported it to the man in the office, he promptly fainted. I have often wondered what he would have done if I had come back with the other certificate. The sensation of going to Morgan's was a very peculiar one. While our customer said he would be out $80,000, I knew he didn't have it, and that we would have been out $80,000 if the answer had been "No."

We had another fine time when the last panic came, in 1907. That is so recent that I am not going to say anything about it, except this, that if there ever was a case of "Too Much," it was the panic of 1907. Crops had been fine for several years, and the West was rich; the South, too. Business was booming along tremendously, manufacturers were making money, workmen were never so thoroughly employed and never receiving such high wages. Every condition was present for a happy and prosperous and peaceful time. But we simply went ahead at such a rate that we killed the whole thing. The money market was creaking under the strain of moving crops and the conduct of the business that was going on, and yet every railroad and industrial corporation in the country proceeded to hand out new securities. And when Great Northern said sixty million, and Northern Pacific said ninety million, and St. Paul went one hundred million, why, there was only one thing that could happen.

Some people say that Roosevelt was the "Too Much" that year. I will admit that he did pound hard, and if he had not pounded so hard the thing might not have happened so soon as

it did, or have been so bad. Some people say that our currency system was at fault, and some say that other influences were to blame for the extreme money rates we have had. No other nation on earth puts the strain we do on their money system. I do not believe that the monetary system of any nation could have stood the strain. I believe that, Roosevelt or no Roosevelt, currency system or no currency system, the thing was bound to happen. We were riding for a fall and looking for trouble, and we got it.

Here in twenty-six years we have had eight panics. Have we had the last one? I think not. I think there are going to be some more down through time. I am not competent to name the dates, but until we get to be a more fully developed country and a more satisfied people, these panics are bound to come. The law of these panics is always the same. At the time each one is on, it seems to be the worst we have ever had, and it always seems that it would be the last one, because we never could get over it. In 1907 I felt that way myself. It seemed that we had lost our heads and gone clean crazy, legislatures, judges and people, and that we were down and out for good. But always at the darkest moment the thing begins to right itself. Just remember that when we are in the next panic, it will be a great source of comfort to you. And happy the man who has some spare money at that time to buy some things with.

(*Continued in the August* TICKER.)

Atchison and Beet Sugar are Leaders

Some Interesting Changes in the Position of Many Railway and Industrial Stocks

By "The Professor"

WE have decided hereafter not to include in the regular table preferred stocks on which the dividend rate is limited. For instance, if the figures were taken literally, **Erie First Pfd.** would show 6.4% on par and 11.6% on price; **Erie Second Pfd.** would show 7.3% on par and 16.2% on price. Both these stocks are limited to 4%; to place them above common stocks like Union Pacific, which is earning, and could pay 19.9% if its directors so decided, would be making a false comparison. This month's table therefore eliminates **Erie 1st Pfd., Toledo Pfd., Southern Railway Pfd. and Denver Pfd.,** making the positions held by the remaining stocks thoroughly legitimate.

Toledo Pfd. is earning double the 4 per cent dividends which it is paying.

Southern Ry. Pfd. is showing 7.7 per cent and is entitled to 5 per cent, but it has not yet resumed dividends.

Denver & Rio Grande Pfd. is showing 5.1 per cent—just a shade over the rate which it pays.

Interest in all the above properties naturally centres in their common stocks. From the low-priced non-dividend payers of today will be evolved the Union Pacifics and Southern Pacifics of the future.

Atchison maintains its leadership among the railroads for the third consecutive month. Its price is eight points higher than two months ago but earnings on both par and price have increased in greater proportion, until now it is earning 13 per cent on price against 11.8 per cent when our figures first called attention to it. Its net gains over last year have averaged about $600,000 per month. If this continues the stock could pay 7 per cent and then be disbursing but half the funds applicable to that purpose.

The Bargain Indicator

TABLE SHOWING WHICH STOCKS ARE THE BEST PURCHASES NOW

BASED ON PAST, PRESENT AND FUTURE EARNING POWER AS COMPARED WITH MARKET PRICE

RAILROADS

Pos.		Est. rate present earn. on par.	Price June 8, '09.	Earnings on price.
1	Atchison common	14.9	115	13.0%
2	Union Pacific common	19.9	192	10.4
3	Norfolk & Western common	8.6	92	9.4
4	Chicago & Alton common	6.5	71	9.2
5	Louisville & Nashville	13.	145	9.0
6	Minneapolis & St. Paul & S. S. M.	11.7*	140	8.4
7	Atlantic Coast Line	10.7	125	8.6
8	Colorado & Southern common	4.8	63	7.6
9	Southern Pacific common	10.2	135	7.6
10	Toledo, St. Louis & Western common	3.9	52	7.5
11	Brooklyn Rapid Transit	6.1	82	7.4
12	Chesapeake & Ohio	5.8	79	7.3
13	Kansas City Southern common	3.4	47	7.2
14	Chicago & Northwestern common	13.3	184	7.2
15	Pennsylvania	9.7	138	7.0
16	Missouri Pacific	5.2	76	6.9
17	Northern Pacific common	9.1	151	6.0
18	Delaware & Hudson	11.2	193	5.8
19	Baltimore & Ohio common	6.7	119	5.6
20	Reading common	8.	158	5.1
21	Minneapolis & St. Louis pfd.	4.5	88	5.1
22	N. Y. Central	6.7	133	5.0
23	Ontario & Western	2.7	54	5.0
24	Great Northern	7.3	150	4.9
25	Pittsburgh, Cin., Chicago & St. Louis common	4.4	92	4.8
26	Illinois Central	7.3	151	4.8
27	Canadian Pacific	8.3	183	4.5
28	St. Louis Southwestern pfd.	2.9	68	4.3
29	Southern Railway common	1.4	33	4.2
30	N. Y., New Haven & Hartford	7.	173	4.1
31	Cleveland, Cin., Chic. & St. Louis common	2.5	76	3.3
32	St. Paul common	4.4	157	2.8
33	Rock Island pfd.	1.2	71	1.7
34	Erie common	.5	38	1.3
35	Denver & Rio Grande common	.2	52	.4
36	Texas Pacific	.0	36	.0
37	Wabash pfd.	.0	55	.0
38	Wabash common	.0	22	.0
39	St. Louis Southwestern common	.0	26	.0
40	Rock Island common	.0	34	.0
41	Missouri, Kansas & Texas common	.0	44	.0
42	Minneapolis & St. Louis common	.0	57	.0
43	Wisconsin Central common	.0	61	.0
44	Duluth, South Shore & Atl. pfd.	Deficit	32	Deficit
45	Duluth, South Shore & Atl. common	Deficit	17	Deficit
46	Iowa Central pfd.	Deficit	58	Deficit
47	Iowa Central common	Deficit	32	Deficit

*On increased capital

INDUSTRIALS, &c.

Including Only Those Which Have Reported Since October 1, 1908

Pos.	Date of report.		Earnings on par.	Price June 8, '09.	Earnings on price.
1	Mar. 31, 1909.	American Beet Sugar com....	7.0%	38	18.4%
2	Nov. 30, 1908.	Sloss-Sheffield com.	9.8	84	11.7
3	Apr. 30, 1909.	U. S. Realty & Improvement..	9.2	83	11.1
4	Mar. 31, 1909.	U. S. Rubber com...........	4.3	42	10.2
5	Feb. 28, 1909.	Corn Products pfd.	9.5	93	10.2
6	Jan. 31, 1909.	Union Bag & Paper pfd......	7.1	75	9.5
7	Mar. 31, 1909.	U. S. Steel com....	6.4	68	9.4
8	Dec. 31, 1908.	Int. Harvester com..........	7.8	85	9.2
9	June 30, 1908.	Western Union	6.7	77	8.7
10	Oct. 31, 1908.	Amer. Smelting & Ref. com...	8.4	97	8.7
11	Oct. 31, 1908.	Amer. Ice Securities.........	3.2	39	8.2
12	Dec. 31, 1908.	American Can pfd............	6.6	84	7.9
13	Dec. 31, 1908.	Republic Iron & Steel pfd....	7.7	107	7.2
14	Mar. 31, 1909.	American Tel. & Tel.........	10.	141	7.1
15	Jan. 31, 1909.	National Biscuit com........	7.4	106	7.0
16	Dec. 31, 1908.	People's Gas	7.8	116	6.7
17	Dec. 31, 1908.	National Lead com...........	5.7	88	6.5
18	Dec. 31, 1908.	North American	4.8	84	5.7
19	Dec. 31, 1908.	American Sugar com.	7.5	132	5.7
20	Mar. 31, 1909.	Internat. Steam Pump com...	2.2	40	5.5
21	Dec. 31, 1908.	Railway Steel Springs pfd...	5.6	106	5.3
22	Feb. 1, 1909.	Mackay com.	4.0	81	4.9
23	Jan. 31, 1909.	General Electric	7.4	160	4.6
24	Dec. 31, 1908.	Utah Copper (par $10).......	23.3	$52	4.5
25	Dec. 31, 1908.	Central Leather com.	1.3	31	4.2
26	Dec. 31, 1908.	Bethlehem Steel pfd.	2.4	60	4.0
27	Jan. 31, 1909.	Amer. Car & Fdy. com.......	2.3	57	4.0
28	Dec. 31, 1908.	Tennessee Copper (par $25).	6.5	42 per sh.	3.9
29	Dec. 31, 1908.	Ingersoll-Rand com.	2.1	55	3.8
30	Dec. 31, 1908.	American Woolen pfd.	3.7	107	3.5
31	Apr. 30, 1909.	Pacific Coast com.	3.1	98	3.2
32	Dec. 31, 1908.	Consolidated Gas	4.1	144	2.8
33	Dec. 31, 1908.	N. Y. Air Brake	2.4	88	2.7
34	Apr. 30, 1909.	Amalgamated Copper*	2.3	87	2.6
35	Dec. 31, 1908.	Press Steel Car pfd..........	1.2	104	1.1
36	Dec. 31, 1908.	American Can com...........	.0	13	.0
37	Jan. 31, 1909.	Union Bag & Paper com.....	.0	15	.0
38	Feb. 28, 1909.	Corn Products com..........	.0	25	.0
39	Dec. 31, 1908.	Bethlehem Steel com........	.0	31	.0
40	Dec. 31, 1908.	Republic Iron & Steel com....	.0	34	.0
41	Dec. 31, 1908.	American Woolen com........	.0	37	.0
42	Dec. 31, 1908.	Pressed Steel Car com......	.0	44	.0
43	Dec. 31, 1908.	Railway Steel Springs com...	.0	46	.0
44	Jan. 31, 1909.	Amer. Steel Fdy. com........	Deficit	49	Deficit

*See text.

Union Pacific has scarcely altered either earnings or price since our last issue, but adjustments in other issues have resulted in its promotion to second place. This seems more in keeping with the company's prestige, its dividend rate, etc.

Norfolk & Western is earning and selling about where it did in the June table. It now occupies third position. Earnings show very satisfactory increases.

Chicago & Alton is not holding the pace it set a few months ago, but there is still a comfortable margin over dividends. The figures will bear close watching.

Louisville & Nashville has improved its position and now stands fifth from the top.

Minneapolis, St. Paul & Sault Ste Marie, allowing for increased capital, is in sixth position. Through its recent purchase of Wisconsin Central, for which this new stock was issued, the road will doubtless benefit largely, and the temporary set-back be more than recovered. With the enlarged

system in full working order there is no reason why Soo should not show its former earnings of from 15 to 20 per cent on par.

Colorado & Southern continues to improve.

Toledo, St. Louis & Western common is showing up better each month and is now well up among the leaders.

Chesapeake & Ohio has risen from No. 27 to No. 12 on the list. Its earnings on both par and price show a remarkable increase.

Kansas City Southern has also given a good account of itself and indications point to further improvement.

Pennsylvania is five notches higher and the outlook is for continued progress.

Missouri Pacific has dropped back somewhat, due to a falling off in earnings.

Reading's earnings are now 8 per cent on par and by virtue of this the stock stands No. 20 against No. 31 in June. It is selling at a price which would be justified were it paying 7 per cent instead of 4 per cent.

Minneapolis & St. Louis Pfd. is nine places higher.

New York Central, earning 6.7 per cent on par, looks much better than it did last month. From the present outlook this issue will occupy a much higher position in the immediate future.

Great Northern's earnings are coming up handsomely. The estimate of 7.3 per cent on par is very conservative; an increased rate may be looked for next month.

Other prominent issues which show improvement are **St. Louis Southwestern Pfd., New Haven, C. C. C. & St. Louis, St. Paul & Rock Island.**

Southern Railway has risen 4 points in price. Coupled with a very slight decline in earnings, this has produced a lower rating for the issue.

Erie common is showing .5 per cent on par and **Denver common** .2 per cent. Both these properties are about to emerge into an era of prosperity and their records from month to month will be watched with interest.

Industrials

Our list of industrials is growing although we have discarded such issues as American Tobacco common, which is a curb stock; Intl. Steam Pump pfd., earning 9.5 per cent but entitled to only 6 per cent and Ingersoll-Rand pfd. earning 7.3 per cent and limited to 6 per cent.

American Beet Sugar common tops the list with earnings of 7 per cent on par and 18.4 per cent on price. This stock offers an astonishingly good opportunity at present prices. The company's finances are in excellent shape, it having recently paid off $3,000,000 in obligations a year before maturity. Two-thirds of this amount was met out of cash in the treasury. The outlook for the industry is exceedingly promising and liberal dividends on Beet Sugar common should soon be in order. Beet Sugar is earning nearly twice the rate shown by U. S. Steel common and is selling thirty points lower.

Sloss-Sheffield has doubled its rate of earnings since the Nov. 30 statement and now stands second on the list.

U. S. Realty Improvement according to the latest statement has increased earnings 1 per cent. There is no business more substantial than that of constructing and owning and dealing in New York City skyscrapers, and no company is better equipped for their erection than the Geo. A. Fuller Co., a subsidiary. In 1908 U. S. Realty paid 4 1-2 per cent dividends.

The position of **U. S. Rubber** is far better than many other well-known and much-sought issues.

Corn Products pfd. is now in a position to pay up some of its back dividends. It is entitled to 7 per cent per annum and is paying 5 per cent. We leave it in the list in order to show possibilities in this direction.

Union Bag & Paper pfd., also in arrears, is now earning a shade over the 7 per cent to which it is entitled.

U. S. Steel common shows 6.4 per cent according to its latest statement. This rate of earnings should steadily increase as the year progresses. A higher rate of dividend seems close at hand. In fact, the stock at these prices would, if it paid 4 per cent, net nearly the same return as the preferred.

Republic Iron & Steel pfd. has risen 20 points in price since May 11th and announces a small dividend on account of what has accrued. It has also resumed regular 7 per cent dividends.

Amalgamated Copper's statement of April 30th shows 2.3 per cent earned for the year. At present prices for the metal, however, the rate would be 4.6 per cent on par and 5.2 per cent on price. This would put the stock in position No. 22.

Right and Wrong Methods

in Business and Speculation

By Clinton I. Collver

JONES was once a lumber dealer, living up at Honey Creek. In six years he made about $3,000 by shrewd management and careful attention to the details of his business.

He finally decided that Honey Creek was too slow, and, believing there was money in the jewelry business in a large city, Jones sold out his lumber business and borrowed $27,000, his wife and her folks giving mortgages on their property as security. The Jones family came to New York, arriving early in January.

Jones rented a store on Sixth avenue and began to stock up with jewelry. He didn't know anything about jewelry. He didn't even know enough to realize his ignorance. The drummers who came to him and the cheap wholesalers he went to soon found that Jones was easily led to purchase their leftover stock and unpopular novelties; also that he would pay higher prices than they could obtain elsewhere.

One day a drummer came in with some samples of watches which looked very attractive to Jones. The price seemed low. Jones bought $10,000 worth. This purchase made quite a hole in Jones' free capital.

Jones didn't read the jewelry magazines. He didn't try to follow the tactics of his successful competitors. His store was not kept clean and inviting. The show windows were dirty, and the display was unattractive. Jones spent a good deal of time playing pool, leaving the store in charge of an inefficient clerk.

Trade didn't seem to come very fast. People weren't buying very much jewelry anywhere just after the holidays. The few who bought of Jones never returned. The watches which Jones bought so eagerly proved to be of inferior quality. There was no sale for them.

Jones lost money steadily. Soon his cash capital ran out. He had already strained his and his family's credit to the limit. There was little choice as to the course to be taken. The goods had to be almost given away, and the Joneses left New York penniless, sadder, but very little wiser.

Jones went back to Honey Creek, where everyone knew about his earlier life and of his jewelry venture, and he told his neighbors that the "jewelry game" was all highway robbery, that every drummer and every wholesaler was a thief.

The neighbors saw the falseness and the prejudice in his statements. They said, "Why didn't Jones stick to the lumber business?" If he had to go into the jewelry business why didn't he begin at the bottom, learn the business, then start out for himself on a small scale in the right season, managing the business as carefully and shrewdly as he had the lumber business, and gradually increasing his stock from profits, further investment, and deserved credit? No, Jones' talk about the crookedness of the jewelry business didn't excite much sympathy.

Now, suppose we look into a chapter of Smith's life. He made $2,000 in the coal business at Emerald Grove. Smith became impatient and came to New York to live and to make some money in Wall Street. He arrived just at the end of a big bull swing. He didn't know anything about Wall Street and its methods. He knew nothing about the intrinsic values of stocks or of the other factors that control prices.

Smith started an account with a broker. Stocks were daily going higher. There seemed no limit to the advance.

Nearly every dog was having his day. In the customers' room everyone was bullish. "Buy 'em, boys; they're going up."

Following the straight tips, with which the Street is always filled, Smith began by trading in two hundred share lots. Within a week he had increased his capital to $3,000. The market looked still stronger. The air was surcharged with the advice: "Buy Great Windbag." The tape quoted it at **69 . 1/4 . 3/8 . 1/2 . 3/8 . 5/8 . 7/8 . 70.** Jones scribbled an order: "Buy 300 Great Windbag at the market," and got it at 70 1/8. Great Windbag went to 70 1/4, 70 1/2, 70 5/8. Smith was dazzled.

Suddenly the market turned. Blocks of increasing size were slung on the market and Great Windbag tumbled **70 1/2 . 3/8 . 1/8 . 69 5/8 . 3/8 . 69 . 68 1/2 . 1/8 . 67 1/2 . 67 . 66 5/8 . 66 . 65 1/2 . 1/4.** Smith now thoroughly frightened, sold at 64 3/4.

About $1,400 remained of his $3,000. Smith didn't stop to learn from books and magazines, from reputable market papers, from the experience of others. He didn't even pretend to stay at the ticker all through trading hours, and when he left he did not leave stop orders.

Smith stayed with the game, buying now in 100-share lots, necessarily. He would take a point profit, but would not accept a loss until it amounted to two or three points.

One day, while Smith was away, without leaving a stop order, the dividend on Great Overland was passed. Smith was long 100 B. R. T. and didn't know or care anything about Great Overland. A general slump resulted. B. R. T. went down with the rest. Smith was sold out.

He went back to Emerald Grove and never tired telling "what an awful place Wall Street is. Every financier is a thief. The Stock Exchange should be closed forever. No one should ever be allowed to buy or sell on margin."

Smith's experience only strengthened the already strong conviction of the Emerald Grove people as to the wickedness of the ways of Wall Street.

Brown had made quite a little money in the hardware business in a small town upstate. Later he became president of the only bank in the town. In the course of time he accumulated $100,000, which, he thought, was even a little more than enough for his family's future requirements. He had been necessarily studying Wall Street at long range in connection with the bank's investments. Hence he was familiar with the various publications from which original facts may be obtained. He kept posted as to earnings, tendencies, and intrinsic values.

Brown came to New York for the purpose of deciding whether he was adapted to the life of Wall Street. It was soon after the recent panic. He picked up many first-class stocks and bonds and put them away. But he had made up his mind to learn the "margin game" if possible. He put $5,000 with a conservative Stock Exchange firm, to be used for speculative purposes. He studied the values of all securities. Westinghouse at 46 looked very cheap to him. It was practically out of the trouble, and the new management promised well. Brown bought ten shares at 46 1/8. Westinghouse went down to 32, and looked weaker at 32 than it had at 46. At 34 Brown bought 10 shares more. He sold both lots at 50.

This experience clinched three things in Brown's mind: First—It's pretty hard to guess what a stock will do; second, if a stock is bought low, it is cheaper at a still lower price; third, when a stock is bought cheap, securing a profit is only a question of holding on.

Brown didn't try to win enormous profits; he didn't buy on "tops." He found it a good policy to do nothing when he didn't know what to do. He read all available literature on the subject and spent part of his evenings reading, getting experience cheap—other people's experience. These books and magazines taught Brown what years of experience fail to teach most traders.

Brown hasn't made much money speculating, but he is learning fast. He either uses stops or buys on a scale

down. He has learned to buy on a scale up, too. He bought a few shares of each stock he thought especially well of, thus learning through owning a little and watching its peculiarities and its relation to the general market under different conditions.

Of course Brown takes losses at times. Other times he buys on a scale, for example, when in the early part of 1908 he bought 10 shares of Smelters at 76 and 10 shares on each 5-point drop to 60. It cheated him by not quite touching 55. He sold out at about 75.

Brown has recently been trading in position, but in the meantime he is learning to read the tape. Some day he hopes to be able to feel safe in trading from day to day, but he realizes that it is a long call from the hardware business to speculating on what Reading will do next. He hopes to sell short as freely as to go long, but the time hasn't come yet. Brown has now been in Wall Street about 16 months. His Wall Street speculative account now shows a profit of about $2,000 on his $5,000 used for speculative operations. Brown realizes, however, that he began at the most favorable time. From now on the gains may come slower.

Brown takes rather an investment 50-share lots and expects to try 100-share lots before long. Brown isn't overtrading. He began at the bottom; he tried to learn, and from the experience of others as well as from his own ventures. He just uses the same common sense he employed back in his hardware store. He is neither an insider nor a lamb. He has gone into this speculative business in a business-like way.

Studies in Tape Reading.

By Rollo Tape

Author of "Powers Behind the Market," "The Machinery of Manipulation," &c.

IX. Trading Results Criticized—Daily Trades vs. Long Pull Operations

JUST now I took a small triangular piece of blotting paper three-eighths of an inch at its widest, and stuck it on the end of a pin. I then threw a blot of ink on a paper and put the blotter into contact. The ink fairly jumped up into the blotter, leaving the paper comparatively dry.

This is exactly how the market acts on the tape when its absorptive powers are greater than the supply—large quantities are taken at the offered prices and at the higher levels. Prices leap upward. The demand seems insatiable.

After two or three blots had thus been absorbed, the blotter would take no more. It was thoroughly saturated. Its demands were satisfied. Just in this way the market comes to a standstill at the top of a rise and hangs there. Supply and demand are equalized at the new price level.

Then I filled my pen with ink, and let the fluid run off the point and onto the blotter. (This illustrated the distribution of stocks in the market.) Beyond a certain point the blotter would take no more. A drop formed and fell to the paper. (Supply exceeded demand.) The more I put on the blotter the faster fell the drops. (Liquidation—market seeking a lower level.)

This is a simple way of fixing in our minds the principal opposing forces that are constantly operating in the

market—absorption and distribution, demand and supply, support and pressure. The more adept a Tape Reader becomes in weighing and measuring these elements, the more successful he will be.

But he must remember that even his most accurate readings will often be nullified by events which are transpiring every moment of the day. His stock may start upward with a rush—apparently there is power enough to carry it several points; but after advancing a couple of points it may run up against a larger quantity of stock than can be absorbed, or some unforeseen incident may change the whole complexion of the market. The Tape Reader must be quick to detect such changes, switch his position and go with this newly formed trend.

To show how an operator may be caught twice on the wrong side in one day and still come out ahead, let us look at the tape of December 21, 1908.

Union Pacific opened below the previous night's close: 500 . 179 . 6000 . 178¾ and for the first few moments looked as though there was some inside support. Supposing the Tape Reader had

BOUGHT 100 UNION PACIFIC AT 178⅞,

he would have soon noticed fresh selling orders in sufficient volume to produce weakness. Upon this he would have immediately

SOLD 200 UNION PACIFIC AT 178¼,

putting him short one hundred at the latter price. The weakness increased and after a drive to 176½, two or three warnings were given that the pressure was temporarily off. A comparatively strong undertone developed in Southern Pacific as well as other stocks and short covering began in Union Pacific, which came 600 . 176⅝ . 1000 . ¾, then 177¼. Assuming that the operator considered this the turn, he would have

BOUGHT 200 UNION PACIFIC AT 176⅞,

which was the next quotation. This would have put him long. Thereafter the market showed more redundancy; but only small lots appeared on the tape.

A little later the market quiets down. The rally does not hold well. He expects the stock to react again to the low point. This it does, but it fails to halt there; it goes driving through to 176, accompanied by considerable weakness in the other active stocks. This is his indication that fresh liquidation has started. So he SELLS 200 UNION PACIFIC AT 176. That is, he dumps over his long and goes short at 176.

The weakness continues and there is no sign of a rally until after the stock has struck 174½. This being a break of 6¼ points since yesterday, the Tape Reader is now wideawake for signs of a turn, realizing that every additional fraction brings him nearer to that point, wherever it may be.

After touching 174½ the trend of the market changes completely. Larger lots are in demand at the offered prices. There is a final drive but very little stock comes out on it. During this drive he

BUYS 100 UNION PACIFIC AT 174⅞,

and as signs of a rally multiply he

BUYS 100 UNION PACIFIC AT 175¼.

From that moment it is easy sailing. There is ample opportunity for him to unload his last purchase just before the close when he

SELLS 100 UNION PACIFIC AT 176⅝.

His record for the day stands as shown at bottom of page 112.

This is doing very well considering he was caught twice on the wrong side and in his wigglings paid $135 in commissions and taxes.

Success in trading being chiefly a question of reducing and eliminating losses, commissions, interest and revenue stamps, let us see whether he might have used better judgment. His first trade seems to have been made on what appeared to be inside buying. No trend had developed. He saw round lots being taken at 178¾ and over and

reasoned that a rally should naturally follow pronounced support. His mistake was in not waiting for a clearly defined trend. If the buying was strong enough to absorb all offerings and turn the market, he would have done better to have waited till this was certain. When a stock holds steady within a half point radius it does not signify a reversal of trend, but rather a halting place from which a new move in either direction may begin.

Had he followed the first sharp move, his original trade would have been on the short—not the long side This would have saved him his first loss with its attendant expenses, aggregating $89.50, and would have nearly doubled the day's profits.

His second loss was made on a trade which involved one of the finest points in the art of Tape Reading, viz., that of distinguishing a rally from a change in trend. A good way to do this successfully is to figure where a stock is due to come after it makes an upturn, allowing that a normal rally is from one-half to two-thirds of the decline. That is, when a stock declines two and a half points we can look for at least a point and a quarter rally unless the pressure is still on. In case the decline is not over, the rally will fall short.

What did Union do after it touched 176½? It sold at 176⅝ . ¾ . 177¼. Having declined from 179⅛ to 176½, 2⅝ points, it was due to rally at least 1¼ points, or to 177¾. Its failing to make this figure indicated that the decline was not over and that his short position should be maintained.

Furthermore, that last jump of half a point between sales showed an unhealthy condition of the market. For a few moments there was evidently a cessation of selling, then somebody reached for a hundred shares offered at 177¼. As the next sale was 176⅞ the hollowness of the rise became apparent.

While this rally lasted, the lots were small. This of itself was reason for not covering. Had a genuine demand sprung from either longs or shorts a steady rise, on increasing volumes, would have taken place. The absence of such indications seems to us now a reason for not covering and going long at 176⅞.

It is very difficult for anyone to say what he would actually have done under the circumstances, but had both these trades been avoided for the reasons mentioned, the profit for the day would have been $421, as the 100 sold at 178¼ would have been covered at 174⅞, and the long at 175¼ sold out at 176⅝. So we can see the advantage of studying our losses and mistakes, with a view to benefiting in future transactions.

As previously explained, the number of dollars profit is subordinate to whether the trader can make profits at all and whether the points made exceed the points lost. With success from this standpoint it is only a question of increased capital enabling one to enlarge his trading unit.

A good way to watch the progress of an account is to keep a book showing dates, quantities, prices, profits and losses, also commission, tax and interest charges. Beside each trade should be entered the number of points net

A Day's Results in Tape Reading

Bought	Sold	Loss	Profit
178⅞	178¼	$62.50	....
176⅞	178¼	......	$137.50
176⅞	176	87.50	....
174⅞	176	......	112.50
175¼	176⅝	......	137.50
Commissions and taxes.........		135.00	....
		$285.00	$387.50
			285.00
Net profit for the day......................................			$102.50

profit or loss, together with a running total showing just how many points the account is ahead or behind. A chart of these latter figures will prevent anyone fooling himself as to his progress. People are too apt to remember their profits and forget their losses.

The losses taken by an expert Tape Reader are so small that he can trade in much larger units than one who is away from the tape or who is trading with an arbitrary stop. The Tape Reader will seldom take over half a point to a point loss for the reason that he will generally buy or sell at, or close to, the pivotal point or the line of resistance. Therefore, should the trend of his stock suddenly reverse, he is with it in a moment. The losses in the above mentioned Union Pacific transactions (5/8 and 7/8 respectively) are perhaps a fair average, but frequently he will be able to trade with a risk of only 1/4, 3/8 or 1/2.

The fact that this possible loss is confined to a fraction should not lead him to trade too frequently. It is better to look on part of the time; to rest the mind and allow the judgment to clarify. Dull days will often constrain one for a time and are therefore beneficial.

The big money in Tape Reading is made during very active markets. Big swings and large volumes produce unmistakable indications and a harvest for the experienced operator. He welcomes twenty, thirty and fifty-point moves in stocks like Reading, Union or Consolidated Gas—powerful plays by financial giants.

And this fact reminds us of one of the things we have heretofore intended to reason out: Is it better to close trades each day, or hold through reactions, and if necessary, for several days or weeks in order to secure a large profit?

The answer to this question depends somewhat upon the temperament of the Tape Reader. If his make-up is such that he can closely follow the small swings with profit, gradually becoming more expert and steadily increasing his commitments, he will shortly "arrive" by that route. If his disposition is such that he cannot trade in and out actively, but is content to wait for big opportunities and patient enough to hold on for large profits, he will also "get there." It is impossible to say which style of trading would produce the best average results, because it depends altogether upon individual qualifications.

Looking at the question broadly, we should say that the Tape Reader who understood the lines thus far suggested in this series, might find it both difficult and less profitable to operate solely for the long swings. In the first place, he would be obliged to let twenty or thirty opportunities pass by to every one that he would accept. The small swings of one to three points greatly outnumber the five and ten-point movements, and there would be a considerable percentage of losing trades no matter how he operated.

It would seem also that close contact with the ticker would not give the correct perspective for long pull operations. Many of the indications, such as the extent of reactions, lines of resistance, etc., will be found equally operative in the broader swings, just as an enlargement of a photograph retains the lines of its original. Tape Reading seems essentially a profession for the man who is mentally active and flexible, capable of making quick and accurate decisions and keenly sensitive to the most minute indications. On the other hand, trading for the larger swings requires one to ignore the minor prognostics, and to put some stress upon the influential news of the day, and its effect upon sentiment; he must stand ready to take larger losses and in many ways handle himself in a manner altogether different from that of the small swing trader.

The more closely we look at the proposition, the more the two methods of operating seem to disunite, the broad swing plan appearing best adapted to those who are not in continuous touch with the ticker and who therefore have the advantage of distance and perspective.

In a subsequent series we hope to take

up this subject in detail, in an effort to show how the business and the professional man who cannot attend his broker's office, may profitably apply intelligent foresight to the stock market under the shade of his evening lamp.

There is no reason why the Tape Reader should not make long swing trading an auxiliary profit producer if he can keep such trades from influencing his daily operations.

For example, in the recent shakedown on Reading from 144⅜ to 118, on his first buying indication he could have taken on an extra lot for the long swing, knowing that if the turn had really been made, a rally to over 130 was due. A stop order would have limited his risk and conserved his profits as they rolled up and there is no telling how much of the subsequent forty point rise he might have secured.

Another case was when Steel broke from 58¾ last November (1908) to 41¼ in February. The market at the time was hinging on Steel and it was likely that the Tape Reader would be operating in it. His first long trade under this plan would be for at least a hundred shares more than his usual amount, with a stop on the long pull lot at say 40¾. He would naturally expect a rally of at least 8¾ points (to 50), but would, in a sense, forget this hundred shares, so long as the market showed no signs of another important decline. When it reached 60 he might still be holding it.

The above are merely a couple of opportunities from recent stock market history. Dozens of such openings show themselves every year and should form no small part of the Tape Reader's income. But he must separate such trades from his regular daily trading; to allow them to conflict would destroy the effectiveness of both. If he finds the long pull trade interfering with the accuracy of his judgment, he should close it out at once. He must play on one side of the fence if he cannot operate on both.

One can readily foresee how a trader with one hundred shares of Steel at 43 for the long pull, and two hundred for the day, would be tempted to close out all three hundred on indications of a decline. This is where he can test his ability to act in a dual capacity. He must ask himself: Have I good reason for thinking Steel will sell down five points before up five? Is this a small reaction or a big shakedown? Are we still in a bull swing? Has the stock had its normal rally from the last decline? These and many other questions will enable him to decide whether he should hold this hundred shares or clean house.

It takes an exceptionaly strong will and clear head to act in this way without interfering with one's regular trading. Anyone can sell two hundred and hold one hundred; but will his judgment be biased because he is simultaneously long and short—bullish and bearish? There's the rub!

The real Tape Reader is apt to prefer a clean slate at 3 P. M. every day, so that he can sit down to his ticker at the next morning's opening and say, "I have no commitments and no opinion. I will follow the first strong indication." He would rather average $100 a day for ten days than make $1,000 on one trade in the same length of time. The risk is generally limited to a fraction and having arrived at a point where he is showing even small average daily profits, his required capital per 100 shares need not be over $1,500 to $2,000.

Suppose for sixty days on 100 share operations his average profits over losses were only a quarter of a point—$25 a day. At the end of that time his capital would have been increased by $1,500, enabling him to trade in 200 share lots. Another thirty days with similar results and he could trade in 300 share lots, and so on. I do not mention these figures for any other purpose than to again emphasize that the objective point in Tape Reading is not large individual profits, but a continuous chipping in of small average net profits per day.

About two months ago, I am told, a man from the West came into the office of THE TICKER, and said that he had been impressed by this series on Tape Reading, and had come to New York for the sole purpose of trying his hand at it. He had $1,000 which

he was willing to lose in demonstrating whether he was fitted for the work.

He was advised not to trade in over ten-share lots, and was especially warned against operating at all until after he had actually studied the tape for two or three months.

Recently, I am informed, he called again and related some of his experiences. It seems that he could not abstain from trading, but started with in two or three days after he decided on a brokerage house. He stated that during the two months he had made forty-two trades of ten shares each and had never had on hand over twenty full shares at any one time. He admitted that he had frequently mixed guesswork and tips with his Tape Reading, but as a rule he had followed the tape.

His losses were seldom over a point and his greatest loss was one and a half points. His maximum profit was three points. He had at times traded in other stocks beside the leaders. In spite of his inexperience, and his attempt to mix tips and guesses with shrewd judgment, he was actually ahead of the game, after paying out about $125 in commissions, etc.

This was especially surprising in view of the trader's market through which he had passed. While the amount of his net profit was small, the fact that he had shown any profit under the circumstances was reason enough for congratulation.

Another handicap which he did not perhaps realize was his environment. He had been trading in an office where he could hear and see what everyone else was doing, and where news, gossip and opinions were freely and openly expressed by many people. All these things tended to influence him, and to switch him from his Tape Reading.

I have no doubt that having mastered the art of cutting losses and keeping commitments down, he will soon overcome his other deficiencies. Given a broad, active market, he should show increasing average daily profits.

He is creeping now. By-and-by he will know how to walk.

Speculation is a business. It must be learned.

(*Continued in the August* TICKER.)

Crop Conditions

By Roger W. Babson*

THIS subject now does not hold the same relative importance in the study of Fundamental Statistics that it held when statistics on other topics were less carefully compiled. But since the full annual harvest of the grains and cotton is the one factor at the bottom of American business prosperity, the condition of the standing crops will always be interesting and valuable as a barometer. Of all subjects studied by the merchant and investor it is the only one which the Government attempts to forecast. Figures on banking conditions, labor conditions, imports and exports are accumulated by the Government and are valuable as a matter of history; but in none of these subjects is there any official attempt to forecast conditions or use the figures accumulated for forecasting purposes. Not only does the Government publish a report of the amount and condition of the crops, in various stages from planting to the beginning of harvest, but it makes a prediction for the benefit of business interests of what the total crop is likely to be. It has been well proved that this forecast made by the Government is better than any forecast which at the present time can be made by any association of merchants or bankers independently.

For this reason the method of compil-

ing and distributing these forecasts should be clearly understood and will be found in Vol 2, No. 5 of THE TICKER.

As the government crop statistics are necessary and valuable as business barometers, so figures showing the *production of all commodities* are of intense interest.

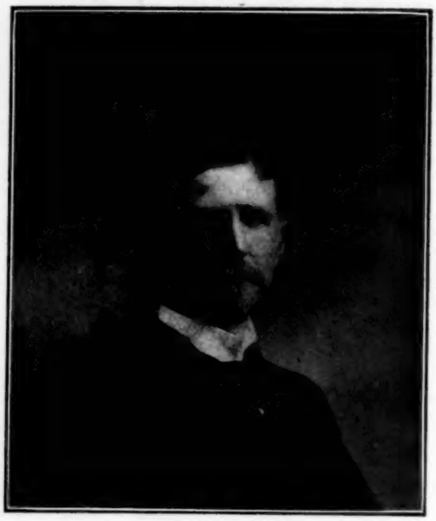
The production of iron, for example, reported by the two leading weeklies on the subject, is a very important factor in determining present conditions and forecasting future conditions. This was especially true before the United States Steel Corporation was formed and to a large extent is also true to-day. Figures regarding wheat, corn, cotton, iron, pork, copper, wool, coffee, rubber, sugar and other commodities are also of interest. A decrease in the production of commodities is always accompanied by a decrease in activity, which means that men and capital are idle. This reduced activity, if reduced beyond a certain point will result in a crisis followed by a period of depression.

This general principle, as especially applicable to the investor, is well presented by Mr. Henry Hall somewhat as follows:

"A large part of the income of all railroad lines is derived from the shipmen of grain, produce and cotton. From 6,000,000,000 to 15,000,000,000 tons of these articles are shipped by rail to seaboard cities every year, for exportation to other lands. A far larger tonnage is moved by rail from farm and plantation to cities and other settlements of the country for home consumption. The contribution to railroad traffic from this source always exceeds more than 30,000,000,000 tons of grain, 10,000,000,000 tons of flour, about 3,000,000,000 tons of cotton, and a vast additional quantity of potatoes, tobacco, fruit and other products of the harvest. More than once, in our history, in dull times, has a loss in other earnings been made good by the transportation of agricultural produce; and in good times, bumper crops are of enormous and direct value to every railroad in the land.

"The productions of the soil affect powerfully the prosperity of the United States in another way. Their money value in a good year is almost bewildering. The staple crops which are reported officially in its monthly statement of acreage and conditions approximate a money value of $3,500,000,000; and a fluctuation of $500,000,000 in this immense total, which is not uncommon, is felt at once in the business world. A boom in stocks has, more than once, originated in good crops. Depression has at times begun with a partial crop failure.

Bountiful harvests have another and interesting effect, in that the exportable surplus enables the United States to pay off its borrowing of money abroad and to create a credit, which, if large enough,



Roger W. Babson

insures early importations of gold. There is no topic more deserving of interested attention than the state of the crops." Another writer says:

"The country requires an increase in yield of at least 5 per cent. in all its principal crops, cotton perhaps excepted; and in some cases an increase of at least 10 per cent. would be advisable, either through larger acreage or better cultivation. This would insure more reasonable prices for food products, thus reducing the cost of living about which so much just complaint is heard. It would also stimulate larger exports, the decline of which during the last year has been one of the most unfortunate accompaniments of our business depres-

sion. Larger exports of agricultural products would do more than anything else toward restoring the equilibrium of our foreign trade and would stimulate business at home."

The profits, and therefore the stocks of railroad companies which operate through the grain and cotton sections, are affected in the most direct and powerful manner by the promise of generous or stunted crops; and as they go, so goes the market. Investors need to keep in touch with the crop outlook. Wall Street always discounts the future and never waits for earnings to be affected actually before adjusting prices to what it sees coming.

A slackening of trade in the street after a great boom precedes every financial crisis; and every investor must be as alert to detect the signs of a coming change of importance as are the bankers, rich men and stock operators, upon whom the fortunes of the stock market depend.

It is axiomatic that all railroads are affected directly and seriously by crop conditions, and industrial stocks peculiarly so. Therefore the subject of "Crops" is one which requires constant attention, and never more so than when a boom or a reaction has run on for a number of months, or years. *Conservative merchants and investors therefore tabulate each month when published, the Government Estimate of the wheat, corn and cotton crops, then in the ground, together with the annual figures when the crops have been harvested.*

The following conclusions are suggested relative to "Crops and other Commodities":

(The condition of the crops has direct bearing upon the condition of the farmer, and an indirect interest for every investor and merchant.)

1. *During a Period of Business Depression.*

(a) Improved crop conditions are often the beginning of a period of improvement.

(b) Poorer crop conditions delay an improvement in general business.

(c) No change is favorable or unfavorable according to whether this means good crops or otherwise.

2. *During a Period of Improvement Following a Period of Depression.*

(a) Improved crop conditions always give an impetus to the general improvement in conditions.

(b) Poorer crop conditions always retard the improvement.

(c) No change is favorable or unfavorable according to what it represents.

3. *During a Period of Prosperity.*

(a) Improved crop conditions tend to lengthen the period of prosperity.

(b) Poor crop conditions tend to shorten said period.

(c) No change is favorable or unfavorable according to what it represents.

4. *During a Period of Decline Following a Period of Prosperity.*

(a) Improved crop conditions tend to forestall a panic or delay "the day of reckoning."

(b) Poor crop conditions tend to hasten said time and perhaps cause a panic.

(c) No change is or is not of importance according to what it represents.

Trading in Cotton Oil

By Aspegren & Co.*

Of the New York Produce Exchange

FOR many years past the cotton oil traders in New York have met every day for a few moments to talk things over on the New York Produce Exchange. The want of a central market for cotton oil where it could be traded in for future delivery the same way as cotton is dealt in, however, became more and more felt, and in June, 1904, when Mr. Henry Hebert was elected president of the Exchange, the first step was taken by establishing official calls on the Exchange twice a day. Since then the trading on the floor has

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steadily increased, and orders are now coming in from all quarters to buy or sell, which well shows how much appreciated this opportunity to trade has become.

We believe, however, that this trading is still only in its infancy and the possibilities very great. There are any number of places where cotton can be traded in, but there is only one market in the world where cotton oil futures are dealt in. Considering that the South every year raises twice as much cotton seed as it does cotton, why should not the option trading in cotton seed products be just as great as it is in cotton? Why should not the producer insure himself of a profitable year by selling part of his production for future delivery in New York whenever he thinks the price is right and such as to give him a profit, whether he is a ginner (a producer of the actual cotton seed) or owns a crude oil mill, and is a manufacturer of the raw material, or whether he is a refiner, i. e., a manufacturer of the refined product? Why should not a manufacturer of compound lard, soap, butterine or other similar articles, when he sees a profit in the orders he takes for delivery during the year, contract in New York for his supply of raw material against these sales of the finished products? Why should not a trader invest in cotton oil when he finds it cheap, or sell it when it reaches abnormally high prices? He has many more chances to make money out of cotton seed oil than out of cotton.

The quality traded in is the standard grade of prime summer yellow refined oil delivered in barrels f. o. b. any dock, pier or warehouse designated by the buyer at buyer's option, any time during the month of delivery specified at seller's option. All expenses in regard to weighing, cooperage, etc., are at seller's charge, and all disputes in regard to the quality or otherwise arising out of the contract are settled by arbitration before the special committee for cotton seed products or by the official cotton seed products chemists.

The unit of a contract traded in is 100 barrels. This is a comparatively small quantity, especially when we compare it with the unit of a contract for lard in Chicago, which is 250 barrels. It is, however, far more convenient to trade in 100-barrel lots than in 150 or 250-barrel lots. Most orders to buy and sell are for lots of 500 barrels, this quantity representing about the same value as a contract for lard in Chicago and a shade more than a 5--000-bushel contract for grain.

According to the old way of trading, a barrel was 53 gallons, equal to 397½ lbs., but on October 1st it was changed to be exactly 400 lbs. to the barrel.

Another change that was made on the same day was to make the price in cents per pound instead of the old way of cents per gallon of 7½ lbs. This change took effect on all trades after February 1, 1909.

The usual commission is 15c. a barrel for non-members and 10c. a barrel for members.

According to the rules of the Exchange, any trader can call upon the other for $1.00 per barrel original margin, besides which additional margins can be called to make up for market variations that may take place afterward. When the customer resides out of town, an extra margin of $1.00 per barrel is sometimes required to cover possible calls for additional margin, an out-of-town customer not being in position to quickly furnish the additional margain if needed to protect the contract. With resident buyers the original margin of $1.00 per barrel is generally the only original margin demanded.

Like every other commodity, the price of cotton seed oil is regulated by supply and demand. Speculation and manipulation can to a certain extent control prices, but not for any length of time. The effects of same can be only temporary, and in the long run supply and demand are the only dominating factors. Cotton oil is no exception to this rule.

Here, however, we want to point out the difference between the markets for cotton and cotton seed oil.

Many traders are inclined to believe that when cotton goes up or down,

cotton seed oil will have to do the same just because the supply of cotton corresponds directly with the supply of cotton seed. This, however, is a wrong notion. It is true that the fluctuations in the cotton market have a more or less sentimental effect upon the market for cotton seed oil. Still, these two articles do not go together and there is a great difference in price movement between them. The reason for this is as follows:

Whatever cotton is produced has to be sold as cotton, and a man who needs cotton will also have to buy cotton. There is no substitute for it and it is not used as a substitute for anything else. In other words, it stands entirely upon its own feet and it is simply the supply and demand for cotton that regulate cotton prices.

Not so with cotton seed oil. In the first place, all the cotton seed produced is not crushed and made into oil, but it is also used for other purposes than for oil making. Even with a large crop of cotton seed the crush of oil may therefore be only a comparatively small one. Another important difference between cotton and cotton seed oil is that oil is largely used as a substitute for other articles, and the price that it may bring is therefore largely dependent on and regulated by the price and demand for the products and manufactured articles for which it is a substitute. Cotton seed oil is largely bought to replace these articles, whenever their prices are high or the supply insufficient, so that cotton seed oil rather holds the balance of power among the fat products, but it is not a power in itself. Thirty years ago cotton seed oil was practically unknown to the trade, and the world got along very well without it, and the same would no doubt also be the case today if no cotton seed oil was made.

Examining and analyzing the price-making factors more closely, ***the supply depends upon:***

First: The size of the cotton crop and thereby on the amount of cotton seed produced during the year.

Second: The price of feeding stuffs. If feed stuffs are high in price and cotton seed low, the farmers will use a greater amount of their seed for feeding purposes instead of selling it to the oil mills, thereby diminishing the quantity available for crushing.

Third: The price of fertilizers. Cotton seed is used in the United States to a great extent for fertilizing purposes, especially when the farms are far away from the railroad and where the transportation expenses of hauling the seed to the station and bringing back fertilizers are heavy. When fertilizers are high and the price that can be obtained for seed is comparatively low, a larger proportion of seed is used for fertilizing purposes than otherwise would be the case.

Fourth: The number of oil mills in operation. With the steadily increasing number of oil mills who have to depend upon cotton seed for running and who are offering all kinds of inducements to the farmer for the marketing of their seed, it is natural that the amount of seed crushed will also stand in correspondence with the number of mills in the country. The amount of cotton seed crushed yearly has steadily risen from 5 per cent. to 69 per cent. during the past twenty-five years.

Analyzing again the causes for demand, we find that same depends principally on the price of the articles for which cotton seed oil is a substitute, as previously referred to.

The demand depends upon:

First: The supply and price of hog lard. About a million barrels of oil are used every year now for making a compound lard, and the demand for this depends naturally upon the price of hog lard and the difference in price between the two articles.

Second: The supply of and the price for tallow, greases and other soap materials. The amount of oil bought every year by soap makers is considerable and depends upon the attractions cotton seed oil offers as against the price of other competing soap materials.

Third: The supply of and price for butter. While the manufacture of oleo-margarine in this country has been almost stamped out on account of the Grout Bill, the more far-sighted

foreigners use large quantities of cotton seed oil for making butterine and oleo-margarine, which products are thoroughly appreciated by the consuming public in Europe. When butter in Europe is high in price the demand for oil from the oleo-margarine churners is therefore especially heavy. The largest eleo-margarine manufacturing place in Europe is Rotterdam, which port imported during the past season nearly 200,000 barrels of oil from this country.

Fourth: The supply of and the price of other competing vegetable oils. Cotton seed oil is used very largely in the Mediterranean countries for eating and cooking purposes, and it therefore competes with olive oil. It is also used in large quantities for soap-making purposes. In this it competes with peanut, linseed, sesame and cocoanut oils, and also with cotton seed oil crushed in England from Egyptian seed. Marseilles is the principal port of importations in Europe for both these purposes. At times the yearly import there of cotton seed oil has been as high as 280,000 barrels, while at other times it has fallen as low as 80,000 barrels. From this it is easy to realize the important effect the price and supply of such other competing vegetable oils can have on the price of cotton seed oil.

Fifth: The amount of American sardines packed every year which again depends upon the amount of fish caught. This, however, is the smallest outlet for cotton oil, and hardly varies each year to the extent of more than about 20,000 barrels.

In speculating in cotton-seed oil the trader will therefore have to take into consideration the conditions prevailing in the different lines as described above, but if he does so, he ought to be able to predict tolerably the future course of the market.

The yield of seed as it is picked on the field and after it has gone through the gin:

	Cotton.	Cotton seed.
1902—1903	30 %	70 %
1903—1904	29.6%	70.4%
1904—1905	33.3%	66.7%
1905—1906	34 %	66 %
1906—1907	33 %	67 %

Average Obtained from One Ton, 2000 Lbs., of Cotton Seed

1890 to 1900.

Crude Oil, 14%=37 1-3 gal.	280 lbs.
Meal	732 lbs.
Linters	27 lbs.
Hulls	800 lbs.
Waste	161 lbs.
	2,000 lbs.

1901 to 1907.

Crude Oil, 40 gallons	300 lbs.
Meal	807 lbs.
Lint	40 lbs.
Hulls	700 lbs.
Waste	153 lbs.
	2,000 lbs.

In a recent address before the Traffic Club, St. Louis, Mr. G. W. Simmons, its president, made the following statements:

"Dividends and full dinner pails go hand in hand—they come together and they go together."

"43 cents out of every dollar taken in by the railroads is immediately handed out by them in wages."

"45 per cent. of all the steel and 30 per cent. of all the lumber used in the United States is used by the railroads."

"One-tenth of the male population of the country is directly in the employ of the railroads. When the railroad suffers injury, the workmen and the laborer are the first to feel it. In order that the railroads may secure the proper funds with which to carry on their work, it is necessary that there may be no feeling of insecurity regarding railroad investments."

How an Englishman Operates in American Stocks

In Spite of Many Obstacles, Three-quarters of His Transactions Show Profits

I HAVE been learning to trade since May, 1904, and during the last twenty months have done remarkably well. I have during that time made about one hundred trades in Union Pacifics, 75 per cent. of which have shown a profit. All of them have been done on $4.00 margin.

The conditions here as compared with New York are very unfavorable. Throgmorton street opens at 10.45 and closes at 4.00 P. M. Your opening prices reach there at 3.15, so that it is at least 3.25 P. M. before I see your quotations. The street market in Capel Court continues where the "House" left off, but it is a physical impossibility to get an English broker to stay after 6 P. M.—your lunch hour. They are the laziest lot of business men I ever met. They don't care a rap for their clients' interest; consequently I have been compelled to resort to the best bucketshop I can find and of which I cannot speak too highly.

Of course I take care to trade quickly and in odd lots, and get my money by return of post. Under the most favorable of circumstances I cannot get an order to them by telegraph under ten minutes, as their offices are in Manchester. Their offices close at 4 P. M., consequently I have very little time to make up my mind—not more than twenty minutes, as our markets during the early hours of the day are idle affairs and show no decided trend until the New York prices reach London.

I have invariably found that Rio Tintos are an infallible guide to your market. I have never seen them go against one another, and this fact saves the situation, consequently I pay great attention to the copper market. All my trading has been done largely with the assistance of charts, together with an intelligent reading between the lines of the financial correspondent to the Birmingham Post. I have never seen a ticker, and except from pictures don't know what it is like. It would be of no use anyway, as it shuts down at the closing of the House and of course does not record American official prices in the "Street," which is supposed to last from 4 to 8 P. M.

Margin dealing is not recognized in the "House"—I have to go to a bucketshop—and consequently stop loss orders are impossible.

If I want to work on a $200 stop-loss order in the "House," I have to give two orders thus: Buy 10 Unions at 170. Sell 10 Unions when Unions are quoted either side of 168, but not before! Brokers don't like doing it, as it means they have to hang about to watch your limit.

The above points will give you an idea as to what I have to contend with; hence I consider my record a good one; on occasions I have reeled off ten or twelve consecutive profits.

I keep a chart of the average daily prices and into the "sales" which I call the momentum. index of say Unions, placing above and below a datum line, all above being plus and all below minus, hence a rough idea can be obtained daily, weekly, or monthly, of the work *taken out* or *put into* the market. I also keep a chart of prices, movements, and sales independently.

The Investment Digest

Allis-Chalmers—Boston News Bur. says: Orders booked 4 mos. end. April 30 better than double number recd. same period 1908 and 80 per cent of best year in co's history. Now operating about 75 per cent of full capacity; employing 7,000 men.

Amalgamated Copper—Hayden, Stone & Co.'s letter shows with copper at 15c. means earnings of $7.20 per sh. Nat. 18c.; $11.50 per sh. Report yr. end. Apl. 30, 1909 shows $3,663,980 Net 1909, or 2.31 per cent on stock, against $6,680,557 in 1908. John D. Ryan elected president of the Amalgamated Copper Co., to succeed H. H. Rogers, deceased.

Am. Agr. Chemical—Boston News Bur. states: Doubtful if real position as to earnings and future growth are appreciated. Earnings never curtailed by depression. Net past year but $15,000 under preceding. Com. earning $7 share. Since formation have averaged above $4 per sh. per an., but no div. yet. The Pfd 6 per cent div. regularly paid. Probable this fall divs. on com. will be inaugurated at $3 per share per an.—less than half what now earning. Through the sale of $8,000,000 5 per cent 1st mtg. bonds co. has been able to go through the year to date without borrowing a dollar outside. Will probably close fiscal year, June 30, without a dollar of bank loans comp. with $9,906,000 end 1908 year.

Am. Sugar—Boston News Bur. says: The suit by the Pennsylvania Sugar Refining Co. against the co., for violation of the Sherman anti-trust law, has been dropped. The basis of settlement is the payment by the co. of $2,000,000 in cash, the return of $7,000,000 par value of securities held as collateral, and the cancelation of a loan of $1,250,000. The amount involved was, therefore, $10,250,000. The actual cash outgo by the American Co. is $2,000,000, which will be used by the Penn. Co. to start resumption at its plant, shut down for the last four or five years.

Am. Can.—Boston Coml. says: After deducting depreciation, 1908, net profits eq. to 6 1-2 per cent on pfd. Working cap. $7,223,558, inc. $500,000. Net in several years more than 7 per cent on pfd., but after charging off for depreciation, etc., never over 6 1-2 per cent, and as low as 2 per cent. Readjustment of cap. advisable, as back div. over $10,000,000. Co. has not even demonstrated ability to pay reg. div. on pfd.

Am. Car & Foundry.—Vanderbilt lines have placed orders for 8,450 cars with co. Official says: Equipment business always almost last to recover effects of depression. Boston News. Bur. says: Quiet accumulation of stock. Earnings record remarkable gross from $5,586,000 4 yrs. ago to $10,625,000 in 1908; net from $4,458,000 to $8,215,000. Equipment business reviving. Revenues, trade prospects and the tape foreshadow increase in div.

Am. Cotton Oil—Certain directors favor dividends semi-an. instead of annually. Director said, at present rate of increase, yr. would surely show about 12 per cent.

Am. Hide & Leather—W. C. Langley & Co.'s letter says: Friends of Co. expecting another div. on pfd. Past 5 yrs. sur. available 10 per cent. Prices apparently assure very prosperous year. Boston News Bur. states: Nearly a 20 per cent inc. last 2 mos. Running 75 to 80 per cent normal capacity, against 60 per cent in Mar. Has made plant improvements sufficient to handle $20,000,000 gross per an. and sales have run about this rate. Ample working capital and 50c. of net quick assets for each $1 of gross sales.

Am. Linseed—Boston News Bur. says: Co. issues no reports. All plants in operation. July 1 will close 2 mos. as usual.

Am. Locomotive—Recently booked several fair-sized 50-lot orders. Decided improvement over run of orders previous 18 mos. Expected div. on pfd. partly earned.

Am. Malt—Boston News Bur. says: Pfd. held down to tire out recent buyers and facilitate accumulation for an extended rise later on. Pays over 9 per cent on investment. Made remarkable showing of earning power, spite adverse conditions. ——Thos. Gibson says: Upwards of 11 per cent back dividends due on pfd., a point to be remembered when considering price of the stock. Pres't expressed belief business would so improve, possible to pay full 6 per cent, also back divs. Working cap. about $6,000,000—$1,500,000 to $2,000,000 cash. No floating debt or other indebtedness in way of stockholders receiving their share of profits.

Am. Smelting & Ref.—Vice-Pres. says: "Now earning 8 per cent on com."

Am. Steel Foundry—Wall St. Jour. says: Net inc. quar. end. April 30 $88,800, compared with $43,717 preceding quar. Gain 102 per cent. On the basis earn. at rate of 2 per cent on stock. Management looks for a steady continuation but as yet no intention of declaring div. At present rate earnings will show increase in surplus equivalent to 566 per cent.

Am. Telephone & Tel.—J. S. Bache & Co.'s pamphlet says: Co. serves as a fiscal agent and banking factor to 30 odd con-

stituent Bell companies. It exercises 3 functions of an operating company, a holding corporation, and a banking institution. Little possibility of powerful competition, the company being powerfully intrenched, but free from appellation "monopoly" in legal sense. Has never failed to earn fixed chgs. more than 3 times over, and always a comfortable surplus over dividends. Latter generous and persistent. In a most satisfactory financial condition, and provided with sufficient funds to carry on its business and pay for all construction work now in contemplation for the next 2 yrs. ——Western Union won suit against Co. for recovery of stock to be pfd. as rental on licenses and leases of telephones. Decision will involve pt. by Am. Co. over $6,000,000 to W. Un.

Am. Woolen—Wall St. Jour. says: Co. reversed order of American mfr. in buying raw material by purchasing on a declining market. Consequence is he succeeded in buying 15,000,000 to 20,000,000 lbs., which could resell to-day at enormous profit, besides prospective profits of the Woolen Co. in the conversion of this wool into cloth.——President Wood says: "Outlook for business never more promising than at present. Have never had so many orders. Appears to be a total absence of speculative features which have existed."

Anaconda—Wall St. Jour. says: Report for yr. ended Dec. 31, 1908, reflects depression in copper industry during greater part last yr. Co. fell short of dividend needs by $1,317,020. Total net income $1,082,980, which was realized in last half of yr., as shut-down in Jan. and Feb. and cost of resumption in Mch. absorbed all profits of first half of yr. Earnings last half of yr. about equal to amount needed for divs. Earnings since first of yr. sufficient to meet div. payments at rate $2 share a yr. Current yr. will show a surplus with metal around 13 cts. lb.——Hayden, Stone & Co.'s market letter shows that 15c. copper means earnings of $3.20 pr. sh. 18c. means $5.30 per sh.

Atchison—N. Y. Journal says: The Ripley method has made Atch. one of the strongest railways in world, physically and financially. Cash position exceptionally strong. Last balance sheet showed current assets $35,793,000, of which $29,735,000 in actual money. Current liabilities approximately $16,000,000. Mr. Ripley first to urge reduction in lean years and last to indorse higher payments in opulent seasons. This policy has not hurt Atchison. ——Atch. directors announce: "The company offers to preferred and common stockholders the privilege of subscribing at 104 and accrued interest during period beginning July 20 and ending July 22, 1909, for an amount of 4 per cent convertible gold bonds of the company, issue of 1909, equal to 12 per cent of their respective holdings of stock as registered on the company's books at the close of business on June 16. The bonds mature July 1, 1955, and will be convertible prior to June 1, 1918, at option of holders, into common stock of equal par value."——The amount of new Atch. bond issue approximately $27,000,000.

Atlantic Coast Line—Directors of Co. declared semi-annual div. 3 per cent, restoring it to a 6 per cent basis. Looks as though the Co. would show 10 to 11 per cent for com.

Batopilas Mining—Stock listed. Capital $9,000,000; par $20. A consolidation of cos. which owned properties at Batopilas, Mex. After consol'n Co. acquired properties of other cos. by purchase. Report says inventory of properties, not including val. of mines, tunnels, shafts, etc., is $2,394,408.

Bethlehem Steel—Jour. of Com. reports: Proposals for manufacture of over 36,000 war and target projectiles, costing over $533,000, opened to-day at Navy Dept. Bethlehem Steel Co. of Pa. submitted lowest bid of $169.29 each for 2,100 12-inch projectiles, loaded with high explosive. Remainder of projectiles for target purposes and of cheap design and mfg. For 25,000 3-inch projectiles Co. submitted lowest bid at $1.47 each. The Company bid lowest for 2,000 7-inch at $9.96 each and for the 2,000 8-inch at $16.40 each.

Boston & Maine—Wall St. Jour. says: Surplus avail. for com. divs. promises to be about $2,150,000, or 7.9 per cent on com., compared with $562,508 earned last yr. Latter being equivalent of 2 per cent on the Co's $27,150,000 com. outstanding.

Brooklyn Rapid Transit—Wall St. Jour. says: Will earn nearly 5 per cent year end. June 30. Directors say Co. will earn easily 5 per cent upon $45,000,000 of stock. May decide next fall to place stock upon 5 per cent div. basis, as against 4 per cent now. Should such action cause it to sell above par, it would prob. result in conversion of a large part of present $32,000,000 of conv. bonds into stock, but it might permit Co. to finance in future by issue of new stock instead of bonds.

Canadian Pacific—Railway World says: $85,000,000 will be spent by roads in construction in western Canada in 1909. Construction campaign laid out by Can. Pac. is most costly and calls for over $20,000,000.——Rumored this road will bring out an issue of com. within a few mos., bringing the tot. auth. cap. to $200,000,000, proceeds to be used in part, at least, to reimburse treasury for money expended.

Central of Georgia—N. Y. Coml. says: Co. must pay the full int. on income bonds for 1907, not only upon 1st pref., but also upon 2d and 3d preference, according to finding of Col. Wm. Garrard, auditor, filed this morning in superior court. If decision is sustained by court, the Co. adjudged to have had a balance of $860,903.75 avail. for int. for 1907. Col. Garrard says net earnings of Ocean Steamship Co. must be considered as part of income of the Cent. Ry.

These earnings for the year 1907 $542,399.-22. Full amt. for payment of 5 per cent div. on 1st, 2d and 3d income bonds $750,-000, being $200,000 on the 1st, $350,000 on 2d, and $200,000 on 3d incomes.

Ches. & Ohio—Wall St. Sum'y est.: Bal. avail. for divs. 4.77 per cent for present fis. yr. against 2.80 per cent previous yr. During last 9 yrs. the amt. spent for imp. is equal to $32 per share on present stk., a small part of which has been chgd. to operating exp., but the bulk directly surplus earn.——Officials claim net earnings for Apr. largest of any Apr. in history of Co. The Co. has called for redemption on July 1 next $7,500,000 worth of coll. trust 6 per cent notes due July 1, 1910. These consist of two issues of $5,000,000 and $2,500,-000 resp., which, accord. to trust agreement, are redeemable at option of the Co. before maturity at 102 and int. The paying off of these notes will not necessitate new financing. Provision was made for retirement out of proceeds of $11,000,000 general funding and improvement mtge. 5 per cent bonds sold last Dec.——Stock has been placed on a 4 per cent basis.——Wall St. Jour. est. will earn current yr. over 6 per cent against 4.4 per cent and 5.4 per cent.

Chicago Great Western—Briefly stated, the reorganization plan of the Chicago Great Western is as follows: The property of the existing company, including the stocks of its subsidiaries, will be sold to a new company whose securities will be exchanged for the present outstanding issues of the Great Western on the following basis: 1. Holders of the present debentures will receive in exchange therefor 110 per cent in new preferred stock voting trust certificates. 2. Holders of preferred A stock will receive 120 per cent in new common stock voting trust certificates. 3. Holders of preferred B stock will be assessed 15 per cent, and will receive 60 per cent in new common and 15 per cent in new preferred. 4. Holders of the common stock will be assessed 15 per cent and will receive 40 per cent in new common and 15 per cent in new preferred. In addition to the above securities, there will be issued first mortgage 50-year 4 per cent gold bonds to the amount of $28,000,000 They will bear interest from Sept. 1, 1909. The old Great Western had no bonded debt. but had debentures outstanding to the amount of $28,077,089. The preferred stock will be entitled to receive 4 per cent per annum until June 30, 1914, non-cumulative dividends of 4 per cent per annum until June 30, 1914, after which time the rate shall remain the same, but the dividend shall become cumulative The stock is callable at par and accrued dividends on or after the above date. All the stock of the new company shall be vested for a period of five years in a voting trust consisting of J. Pierpont Morgan, George F. Baker and Robert Fleming. These payments must be paid in three instalments at least thirty days apart, when called for. In case of failure to pay any instalment on or before the date specified, all rights of the depositor will pass to and vest in the reorganization managers and in the syndicate.

Chicago & Alton—Fin. World says: Judge Lacombe, U. S Circuit Court of N. Y., handed down a decision directing the management of the Alton Co. to comply with demands of W. S. Miller, a holder of 500 sh. of the old stock, for a full accounting, since the Ry. Co. was formed in 1909. Miller claims that since 1898 surplus earnings of the old C. and A. Co. have been used for other purposes than for benefit of all of stockholders. Under Judge Lacombe's ruling the Alton must make a full accounting of all sums received and distributed. If this is done Alton scandal is likely to be reopened. This will have an unfavorable effect on the present Alton shares.

Chicago, Burlington & Quincy—Wall St. Jour. says: Up to March 1st the Co. had a surplus of $10,545,347. End of March this had been inc. to prob. $11,750,000, or a little over enough to pay 10 per cent div., and for the full yr. indications are that surplus will equal 13 per cent.——Boston News Bur. says: There are very few railroads which in respect to excess of physical property over cap. make the showing that C. B. Q. does. Official states its present property value is not less than $700,-000,000, an amt. equal to over $475 per share after allowing for retirement of $165,-000,000 of bonds at par.

Chicago, Ind. & Louisville—Semi-an. div. of 1 5-8 per cent declared on com. (last div. 1 1-2). L. & N. and So. Ry. own 93 per cent of com. and 77 per cent pfd., which is dep. as security for their joint 4 per cent coll. trust bonds.

Chicago, Mil. & St. Paul—Wall St. Sum'y says: Indications are that year end. June 30 will show net of about 8 1-2 per cent on present outstanding com.——Wall St. Jour. says: The probabilities are that current fiscal year will show St. Paul to have just about earned its divs., 7 per cent. The $100,000,000 new stock receives no divs. until 1909-10. The question is its ability to earn 7 per cent on entire stock, including the new. It will have to inc. its earnings quite materially, for this yr's earnings would equal less than 5 1-2 per cent on stock it will have out next year.——Jour. of Com. says: The St. Paul old system is earning over 7 per cent on both com. and pfd. and from new controlled system earnings will be derived, equal to at least 2 to 3 per cent on each class of the present St. Paul stk. It is inevitable that investors will gradually realize the facts and that St. P. com. will be valued in market prices, step by step, as an assured payer of 10 per cent div., a position equal to U. P. around 190.

Cin., Hamilton & Dayton.—Wall St. Jour. says: Receivership will end shortly. B. & O. will take over practical operation

of road under agreement to buy from J. P. Morgan & Co. the majority stock at end of a 7 yrs., during which B. & O. will guarantee prin. and int. of 4 per cent ref. bonds. Other bond issues will not be disturbed. Holders of 4 1-2 per cent 3 1-2-year notes will be given an income bond which at end of 7-yr. period may be exchanged for a straight 4 1-2 per cent bond or redeemed in cash by B. & O. at a price in the vicinity of 85. So far as defaulted interest is concerned will prob. be pd. off in securities at abt. 50 per cent of total amount involved. The transaction is really a sale, payment for which is not to be made for 7 years, at a price not definitely known and which neither side can definitely regulate. Considering the magnitude of the transaction, it is prob. the most unique piece of financing in the history of American rys.

Colorado & Southern—Boston News Bur. quotes an official: "The Co. has in mind at present no plans whatever for retirement of $17,000,000 of 1st and 2d pref. of Col. & So. through a 4 per cent bond issue. The Burlington purchased majority control of Col. & So. less than six mos. ago. We found the Col. & So. in good physical condition, in fact, in much better condition than the majority of western roads, and with a little pruning the road will easily become an integral part of the Burlington system."—Wall St. Jour. says: Last November, Col. & So. com. was placed on a div. basis by the declaration of 2 per cent, payable Dec. 15. No indication was given as to the continuance of payments, but if stock is to be regarded as a 4 per cent issue another 2 per cent div. will have to be dec. very soon, payable about June 15. It is well to remember that Burlington, which controls Col. & So., is in no need of money. It is in a position to wait years, if necessary, for a return on its investment in Col. So. stock.—Boston News Bur. says: Road is making a splendid showing of earnings, and there is every indication that yr. will be greatest in history. The gross 10 mos. $12,796,554, inc. about $500,000. Col. & So. has not yet begun to feel the full benefit of its alliance with the Burlington. When the interchange of traffic between the two is in full swing, the smaller road's earnings will probably conform more nearly to the rest of the system.——N. Y. Coml. says: Some disappointment was felt by holders of Colorado & Southern at the failure of that road's directors to place the stock on a 4 per cent annual basis by declaring another dividend of 2 per cent yesterday, the announcement of their neglect to take such action failed to depress this issue.

Col. & Hocking Coal & Iron.—Boston News Bur. says: The Co. owns 18,000 acres of land in Ohio, consisting of coal, iron ore and furnace properties. This area is close to one of the finest oil-producing regions. The wells in this oil territory have been getting nearer and nearer to the land of the H. C. & I. Co., and only the other day oil was found but 1 1-2 miles away. Practical men are now agreed that if oil is not found on the Co's territory it will be due to a freak of nature. Hocking stock is a gamble. If the oil theory fails to pan out, it will go down. If the theory does pan out, Hocking will go up by leaps and bounds, and Keene will make the greatest coup in his whole career. For he is practically in control of the Co., his holdings being, it is said, in excess of 10,000 shares acquired over a year ago at an average price of 20.

Consol. Gas—N. Y. Coml. says: Is obtaining more business and a larger income with gas at 80 cents per 1,000 cubic feet than it did when price was $1.——Boston News Bur. says: 80-cent gas has increased consumption and earnings are good. There is talk to the effect that electric light properties and power properties the Con. Gas Co. will be segregated and a holding Co. formed. It is also known that the Co. will effect a large saving through operation of its new plant at Astoria.

Corn Products—Wall St. Sum. says: Largest interests are opposed to paying off back div. on the pref. stock now. They believe the Co. should conserve its resources, pending a definite decision bearing on expansion now under consideration. ——Boston News Bur. says: Co. has succeeded in merging all subsidiaries except National Starch Co., in which it owns bulk of outstanding shs. Factories running about 70 per cent of capacity. Management is considering entry into candy mfg. and retailing in competition with leading retailers running chains of stores in N. Y. and other cities. Co. sells about 30 per cent of its glucose to candy mfrs. of the country.

Colorado Fuel—Boston News Bur. says: Co.'s forthcoming annual report promises to be best in history of that Co. Fiscal yr. ends on June 30. Mr. McClement, a director, says: "It is not from any increased business or gross profits that we expect to show improvement, but from certain economies, such as reduced operating expenses and the fact that we have been treating only our own ore, that we expect to show great improvement in net results. Character and personnel of present board is almost a guarantee of improved conditions, retrenchment on needless expenditures and reform in management of affairs of the Co."

Delaware & Hudson—W. St. Sum'y states: No chance of an inc. in the rate until the directors meet to act on the next distrib. in Dec. Interests identified with the Co. say that it is yet too early to give definite information as to what may be done 6 or 7 mos. hence, but an adv. from 9 to 10 per cent is not regarded as improbable.

Del., Lack. & Western.—W. St. Jour. says: Earnings for Jan., Feb. and Mch., after all expenses, charges and taxes, were $3,279,857. Last yr. at end of this period

surplus was $1,635,766, so that there is an inc. of slightly more than 100 per cent. For the yr. 1908 this Co., after making liberal approp. for renewals, imp., etc., had surplus for stockholders of $10,697,125. On road's nominal cap. of $26,200,000 this was equal to about 40 per cent, or twice the amount paid to stockholders. Amt. of Co.'s cap. is a poor standard by which to judge earnings because it is not at all representative of immense value of property. But it is a remarkable situation that Co. finds itself with a surplus for the first three mos. of 12 per cent on all cap. stock. At this rate the Co. would report for the whole yr. a surplus equal to $60 to $70 per share.

Erie—Wall St. Jour. says: "So long as Mr. Underwood remains," said Mr. Hill, "you need not worry about Erie. He is one of the biggest railroad men in the U. S. and could carry on the task alone." Management, by one man, has accomplished the road's salvation.——Boston News Bur. says: The up-state public service commission's bulletin on passenger-train schedules for Mch. credited the road with 96 per cent of trains on time, heading the list for the month, the E. management points out that road's own statistics show during past four yrs. Erie has run over 450,000 passenger trains on entire system without a fatality to a single passenger. ——U. S. Investor estimates E. will earn 2 per cent on com. this fiscal year. ——Co. has disposed of the bal. of the 6 per cent coll. gold notes for refunding an dother things. This will provide cash for the present requirements. Owing to marked inc. in earnings it is believed they will not require issue authorized recently by Pub. Service Com'n.

General Electric—Boston News Bur. says: Co. continues to show steady imp. Orders now at better than $53,000,000 per yr., compared with orders booked during the fiscal yr. ended Jan. 31, $42,186,917, an imp. of 26 per cent, and over 85 per cent ahead of the low point of the depression.

Granby—Hayden, Stone & Co.'s letter shows 15c. copper means earnings of $10 per sh., and 18c. copper means $16.60 per sh. to Granby.

Interborough—Co. will file with the public service commission in a few weeks a modified plan calling for the construction of a $100,000,000 subway connecting Brooklyn, Manhattan and The Bronx.——W. C. Langley & Co.'s letter says: Inter-Met. 4 1-2s likely to have upward move. Yield 5 7-8 per cent. Co., whose stock is pledged for these bonds, shows good surplus every year after 9 per cent divs. required to meet int. on these bonds.——Co. sold 494,846,348 tickets compared with 472,359,566 in 1907, an increase of 22,486,782. Gross inc. in 1908 increased $1,124,339 from fares.

Inter. Merc. Marine—Fin. World says: Pfd. stk. is entitled to 7 per cent cum. There is 36 per cent overdue. Earned in 1907 over 8 per cent on its pfd. While last year's report will disclose a poor showing, the present year bids fair to become a prosperous one, as business is constantly growing.

Intl. Paper—Boston News Bur. says: Now operating all mills at practically full capacity and turning out about its normal production of 1600 to 1700 tons of newsprint per day. Very little chance of altering 2 per cent rate on pfd. at present. The effects of tariff too problematical.——Wall St. Sum. says: The annual report, according to an interest in the company, will not show earnings equal to those of last yr., when the net equaled 6 per cent on pfd. Sales about 10 per cent larger than a year ago.

Int. Smelting & Refining—Trippe, Thompson & Co.'s circular says: Ability to pay divs. at the start assured by acquisition of the Raritan Refining Works, the earnings of which are stated to be sufficient to pay about 10 per cent a year on the $10,000,000 stock of the Int. Smelt. & Ref. Co. The Utah smelter expected to be in operation by Jan. 1, 1910, and to earn at least $500,000 a yr. Aside from the dividend possibilities, shareholders are likely to secure rights to subsequent issues of stock for construction and acquisition of other properties. Floating supply very small, for of the 100,000 shares outstanding, a large amount is held by the Un. Metals Selling Co. and the Utah Cons. Cop. Co.——Wall St. Sum.: John D. Ryan, president, denies that any rate agreement has been entered into between his company and Am. Smelt. & Ref. Said Mr. Ryan: "We are after the business." ——Boston News Bureau says that it is likely that International Smelting & Refining Co. directors will meet next month and declare an initial dividend on the $10,000,000 of issued stock. Stock will be listed on the New York Stock Exchange shortly after declaration of initial dividend. Earnings of the International Smelting & Refining Co. are declared to be now running in excess of $1,000,000 a year, or more than 10 per cent on capital stock.

Inter. Steam Pump—Prest. Guggenheim reports: "The outlook is extremely bright, judging from the most recent contracts signed up. This is true of the gas engine business, as indicated during the last two weeks by sales amounting to more than $200,000, which represents added business over last year. We look for a great improvement in business conditions. We have already contracted, at the lowest marekt prices, for our fullest requirements, for iron, copper and all other metals and supplies."——Preliminary figures show net earnings were $1,969,903 compared with $2,226,253 for the preceding year, a decrease of only $256,350, or 11.0 per cent.

Iowa Central—Sold $320,000 5 per cent equip. notes covering 12 locos., 50 gondolas and 250 coal cars.

Kansas City Southern—N. Y. Eve. Post reports: L. F. Loree, prest. Del. and Hud., elected chairman of the board. Long-

term traffic agreement made between the Kan. City So, and Un. and So. Pacific. Rumors that actual control of the Kan. City So. would be turned over to either the Un. or So. Pac. have recently been heard in Wall Street.——Fin. World says: If current earnings are maintained, will earn almost 4 per cent. Shareholders of record June 10 are offered priv. of sub. at par and int. until June 24 for $10,000,000 of the proposed new ref. and imp. bonds to the extent of 19.60 per cent of holdings. Subs. must be paid June 30, 1909.

Long Island—Fin. World says: Either the Penn. R. R., which controls the road, desires to increase its holdings, or people who realize the wonderful transition through which Long Island is now passing are willing to buy the stock for the purpose of holding it a number of years. Undoubtedly there is a great future in store for Long Island, and the benefit of that future, in its growth of population and increase in property values, the Road will be the greatest beneficiary because it actually enjoys as exclusive a monopoly of the transportation business of this island as any group of capitalists could desire. It has its tentacles so firmly gripped about the island that it is almost a physical impossibility for any other transportation line to get a foothold on it.——W. C. Langley & Co.'s market letter says: Co. must earn $400,000 more net this year to cover present int. chgs., and half of this increase was earned in the first quarter. Dividend prospects are still remote.

Louisville & Nashville—Railway World says: Net for nine mos. were largest in history. Accomplished by reduction in operating expenses.——Wall St. Sum.: Estimates probable earnings will be equal to over 15 per cent.——W. C. Langley & Co.'s market letter says: Confidently expected will be restored to a 6 per cent basis next month. Estimated surplus 13 per cent available for divs.——An offering of $2,000,000 1st mtg. 50-yr. gold bonds of the L. and N. Term. Co. has been announced, prin. and int. guar. by L. and N. and Nash., Chat. and St. L. Total authorized $3,000,000.——Boston News Bur. says: Louisville & Nashville, now on a 5 per cent dividend basis, is piling up a surplus for the fiscal year to end with this month which should equal 12.5 per cent on the $60,000,000 stock. This company took cognizance of the depression a little less than a year ago by reducing its dividend. It has made only two semi-annual payments at the lower rate, and it is regarded almost certain that at the forthcoming directors' meeting, about the middle of this month, at least 3 per cent will be declared.

Met. Street Railway—Judge Lacombe, U. S. Circuit Court, has directed another postponement of the sale of the Met. St. Ry. in the foreclosure proceedings. The date of the sale was adjourned to June 29. It has now been again postponed. Judge Lacombe says: Next term opens Oct. 11th, so that no sale can be had before Nov. 18th.

Minn., St. Paul & Sault Ste. Marie—N. Y. Stock Exch. authorizes listing on and after June 15th, $12,500,000 4 per cent Leased Line stock certif. as issued in exch. for like amt. Wis. Cent. pref., including $1,232,896 of latter recently issued.——Wall St. Sum. says: It is probable that the Co. for the fiscal year to end June 30 next will show surplus earnings sufficient in volume to meet the regular 7 per cent preferred stock dividends and leave a balance equal to between 14 and 15 per cent on the $16,800,000 common stock that will be entitled to dividends during the current fiscal period. The additional common and preferred stock recently authorized will not draw dividends until the 1910 fiscal year. The junior issue, also, is entitled up to 7 per cent after the preferred stock 7 per cent payments, all surplus earnings above that amount being available for equal distribution to the preferred and common stockholders.

Mo., Kansas & Texas—Boston News Bur. states: Leading interests expect can maintain its position as independent, and suffer no loss on traffic. That no overtures have been made by any other interest for acquisition of the property. No single party or clique owns the majority of the stock, and it would be difficult if not impossible to bargain with several thousand stockholders. About 1-4th of the stock is held in England and Holland.——Wall St. Jour. says: Will earn hardly more than 1-2 per cent on com. Prospects for com. divs. remote. There is hardly a conceivable circumstance which could make it advisable to put the common stock on a dividend-paying basis before several years at least. This is the opinion of President Joline, who points out the road is in need of extensive improvements and that these must be financed out of current earnings lest capitalization become overhigh.

Missouri Pacific—Stockholders will on Aug. 7 vote on consol. of constituent cos. making up M. P. system proper into one corporation. Wiping out corporate existence of 21 constituent lines. Iron Mt. lines will not be affected. When the merger goes into effect, the authorized capital stock of the Missouri Pacific Railroad Co., it is said, will be increased from $100,000,000 to $240,000,000 of which $83,000,000 will be issued. Following the consolidation, it is understood that a blanket mortgage will be drawn up securing bonds to the authorized amount of possibly $150,000,000, of which it is believed about $90,000,000 will go toward the refunding of outstanding indebtedness and the balance reserved for other purposes.

Natl. Enameling & Stamping—Co. has sold $3,500,000 ref. 1st mtg. real estate s. f. 20-yr. 5 per cent gold bonds, due June 1, 1929.

National Lead—W. St. Sum'y says: The directors of the National Lead Co. have voted

not to retire the preferred stock on Jan. 1 next.

Nat. Rep. of Mexico—W. St. Jour. says: Earnings of properties controlled exceeded by $130,000 the interest requirements of the parent co., including the half-year's dividend on the 1st pfd. stock. Holders of this are guar. by co.'s charter semi-an. div. of 1 per cent each for 3 yrs. from Jan. 1, 1908. Subscription books for the $24,000,000 prior lien 4½ per cent s. f. gold bonds closed with the issue very heavily oversubscribed for both here and abroad.

N. Y. Central—Railway World says: Important improvement works on the N. Y. Cen. lines, some of which were undertaken a couple of years ago and later suspended, are to be prosecuted. Directors authorized improvements to cost $5,700,000. Lake Shore has authorized expenditures totaling $5,500,000.

N. Y., New Haven & Hartford—$1,590,500 addl. stk. listed, making total authorized $100,000,000. Proceeds to be used for elimination of grade crossings.

Norfolk & West.—N. Y. Eve. Mail says: The Steel Corp. has begun shipping coke to Gary from its ovens in W. V., along the line of this road. Steel Corp. leases about 50,000 acres of coking coal deposits from the Pocahontas Coal & Coke Co., the stock of which N. & W. owns and bonds of which the railroad guarantees. Large modern plants to be erected at Gary by the Am. Loco., Am. Car & Fdy. and Am. Bridge cos., together with that of the U. S. Steel Corp., will make this one of the largest centers of import of raw material and of distribution of manufactured product in the U. S.——Pres. said gross now 23 per cent larger than last year. W. C. Langley & Co.'s letter says: Will earn 9 per cent this year, compared with 7½ per cent last year.

North American—Bos. News Bur. says: A new organization, the Light & Power Co., has applied to the board of public improvements at St. Louis for a permit to string its wires. It owns an old franchise, granted some years ago, and if the present request is granted it means that this franchise is valid and that the lighting business of St. Louis is open to the new co. Up to this time the Union Elec. L. & Power Co., a subsidiary of the No. Am. Co., has controlled all electric lighting at St. Louis.

Northern Pacific—Hayden, Stone & Co.'s mkt. letter says: Proceeds of the new stock should begin to show results in larger earnings. In past instances Gt. North. & North. Pac., selling on an income basis of 4½ to 5 per cent, have proven speculatively attractive, more so than other standard railroad stocks at the same relative level. It has usually been found that before the end of a long upward movement the Hill stocks are selling on a basis to yield only 3 per cent or less, this result being attained through their ability to yield valuable "extras" and "rights" in addition to their regular 7 per cent dividends.

Pacific Coast—Boston News Bur. says: Earnings have shown a surprising recovery during the last 3 mos. Improvement so pronounced as to warrant the assertion that a return to the 6 per cent dividend rate on the 2d pfd. and com., which share alike after the payment of 4 per cent on the com., is a matter of the very near future. Enough is already known of May earnings to justify the statement that earnings are now back to the 1907 high record earned, 10.2 per cent on its 2d pfd. and com.

Pacific Mail—W. St. Jour. says: Co. has informed the War Dept. that it will withdraw its Panama service Aug. 3. The Govt. is making efforts to obtain a line of vessels to take over the business in connection with the Panama R. R. and Panama S. S. Co.

Pennsylvania—Bos. Fin. News says: Co. will set out more than 1,000,000 trees, making a total of 3,430,000 trees which have been planted in the last 3 yrs. to provide for some of the co.'s future requirements in timber and cross ties. Reported to have bought up and retired $4,000,000 of its 6 per cent bonds, which mature next year.——Freeman, Rollins & Co.'s special letter says: Since 1856 co. has paid regular divs. from 2 to 10 per cent. In these entire 53 years it has paid less than 5 per cent in only 7 years. Total cash divs. about $300,000,000. No financing of any kind, it is stated, will be conducted in the immediate future.

Pullman—Boston News Bur. says: The new passenger car shops will manufacture three steel cars daily, increasing the passenger capacity to 175 cars monthly. The new freight shops, costing $1,250,000, will mfr. 1500 cars a month. The largest no. of cars of all kinds that the co. ever built in one year was 25,000. In the new plant 10,000 to 12,000 men will be employed, as against 7,000 in the banner year. One of the first orders from the new shops will be for 300 all-steel passenger coaches for the Penn. Co., the first instalment on the 20-year contract with the Penn. to build all its passenger cars.

Railway Steel Spring—Stated that if business continues at present rate, earnings will show 4 per cent on the com. Now operating 65 to 70 per cent of normal, and profits greater in proportion than last year, owing to lower cost of steel. Prob. that div. on com., which was passed in Mar., will be resumed in Sept. Rate will depend on business next few mos.

Reading—Hayden, Stone & Co.'s mkt. letter says: The prediction, often repeated during the past 3 or 4 yrs., that Rdg. is to be a "2nd D. L. W.," is not without promise of partial fulfilment. For the past decade Rdg. has been doing what Lackawanna did—building up its properties out of earnings. There has been practically no increase of cap. by the Rdg. Co. since its reorganization. Because of its complicated financial structure the co.'s earn. power is difficult of analysis, but the present earn. are prob. 3 times the 4 per cent. div. pmts., and some estimates make the earn. still larger than this.——W. St. Jour. says: It can be stated on high authority that at the meeting of Reading Co. directors on June 16, to act on the common stock dividend, no action will be taken in regard to an increase in the rate, and there will be no conversion plan announced.

Republic Iron & Steel— W. St. Jour. says: Co. will soon let contracts for the bldgs. for its new tube mill. About 10,000 tons of steel required. Tube mill will have capacity of about 100,000 tons a yr., and will absorb surplus billet production of the Rep. Iron & St. Co. This will take the Republic out of the market as a seller of billets.——Boston News Bur. says: Co. reports a substantial inc. in new orders. Iron capacity now in excess of 1,000,000 tons a yr. Iron ore reserves est. at 88,685,000 tons South and 35,428,000 tons in the North. Pfd. and com. stock, formerly quoted in the unlisted dept., now regularly listed on N. Y. Stk. Exch.——N. Y. Herald reports: Div. pmts. on the pfd. resumed, regular quar. div. of 1¼ per cent being declared. Co. had passed its quar. div. in July, 1908, and none paid since. Voted to pay an additional div. of ¼ per cent on account of the 7 per cent accrued.——Co. now operating 100 per cent of its blast furnace cap. and at nearly 90 per cent of its finished steel capacity and getting behind in deliveries. Continually improving business forecasts further adv. in prices.

Rock Island—Boston News Bur. says: 18 months ago many considered R. I. com. a hopeless proposition. Now excellent judges believe it "another Atch." R. I.'s 15,000 miles traverse some of the richest agricultural territory in the world. It has opened up a lot of new country growing rapidly in wealth and population.——Freeman, Rollins & Co.'s mkt. letter says: The R. I. issues have been strong on a genuine imp. in the position of the co. The imp. in the ry. situation is responsible for the change in sentiment. R. I. issues have been selling low and their rise is justified. There is less than $100,000,000 com. outstanding. We consider the R. I. col. trust 4s a cheap investment. Are now selling at around 82, where they yield about 5 per cent on the invest. They are secured dollar for dollar by old C., R. I. & P. Ry. stk., which has sold as high as $200 a share.——Hayden, Stone & Co.'s mkt. letter says: Apr. earnings make one of best showings co. has yet reported. Gross shows gain $1,050,000; net, $875,000. The latter more than half of total gain in net for 10 mos—$1,570,000. One of the most gratifying things about report is excellent showing made by St. L. & San Fran. Apr. gross was $480,000 in excess of 1908 and net $277,000, a gain of 35 per cent. 'Frisco has always been a heavy drag on the R. I., and has had to be carried by the Ch., R. I. & Pac. Ry. Earnings are still far behind 1907, but should approach those of any previous yr. Last yr. the co. barely earned its fixed chgs. This yr. there should be good surplus. Now that the co.'s pressing needs met by recent bond issue, quite possible div. on 2d pfd. will be resumed. Ch., R. I. & Pac. will show surplus of $5,500,000, and should be able to pay 7 per cent div. to its parent co., the R. I. This will equal 3 per cent on pfd. If anything like the present rate of inc. is maintained, it would seem as though divs. could be resumed on this issue early in 1910, and it should be remembered that, beginning with that yr., the pfd. is entitled to 5 per cent before the com. gets anything.——W. St. Jour. claims: 'Frisco will shortly be able to resume 4 per cent div. on 2d pfd. and have $650,000 available for com., practically all of which is owned by R. I.

Seaboard Air Line—What purports to be the reorg. plan pub. by the "Balt. News," provides briefly as follows: No foreclosure; present 1st mtg. securing 4 per cent bonds to remain; money with which to pay off receivers certif. and floating debt to be raised through the sale of deb. or income bonds; pfd. and com. stk. not to be assessed; col. trust 3-yr. and 10-yr. 5 per cent notes to be retired at or before maturity; fixed chgs. under reorg. to be reduced about 25 per cent; receivership to be lifted at the end of present yr.; voting trust to be eliminated and stk. to be issued to shareholders and by them voted.

Sloss Sheffield—Wall St. Jour. says: A director says that in the quar. end. May 31, has earned at the rate of 9 per cent. Official figures for the mo. of Mch. showed 9.8 per cent in that period. Sloss is entirely sold up for four months ahead. Average price last week's sales $11.79 per ton. Co. does not care to take any more business at this time and, therefore, a nominal price of $12.50 per ton is being quoted for number 2 foundry. Expected when directors meet next Oct. they will declare in addition to the regular quarterly div. of 1¼ per cent on the com., an extra of ¾ of 1 per cent, which will make up for the reduction in the div. rate during the depression of last yr.

Southern Pacific—Harris, Winthrop & Co.'s exhaustive pamphlet says: A former surplus too small for the payment of div. was turned into a surplus of nearly $15,000,000, after payment of $13,157,000 in div. The expend. of $146,000,000 in imp. of the So. Pac. lines under the Harriman regime is a fact that staggers the imagination. The So. Pac. spent for new equip. $39,850,712 from July, 1901, to end of 1906. To this should be added its share of 14,173 freight cars, at a cost of $19,358,850, delivered in past two yrs. All the box cars, 4,050, are 100,000 pounds capacity. 220 locomotives have been purchased for $4,200,000. For the Pacific Coast fruit traffic alone, 6,600 refrig. cars were provided. Under the concession dating from 1905, the co. has built 249 miles of railway in Mexico; 480 miles remain to be built by 1912. Under the Cananea, Yaqui River and Pacific concession, 283 miles of line were completed in 1908, leaving 498 miles to be built by 1914.——N. Y. Eve. Post says: The use of oil as fuel on the So. Pac. long since passed the experimental stage. Its advantages have been definitely established. The co. already produces a great deal of oil, but not enough to meet its needs, and it has, therefore, invested heavily in undeveloped oil properties the possibilities of which are spoken of enthusiastically. The oil the company now produces is supplied to locomotives at so low a cost as to make the cost of coal seem prohibitive by comparison. Great saving also as between coal and oil on the oil the company buys, but if it can produce for itself all of the oil it needs its fuel bills will decrease remarkably.——Jour. of Com. states: The road's

earnings have improved of late more radically than U. Pac., so that higher dividends are not out of the question. Co. has placed an order for more than $3,000,000 worth of steamships. ——Boston News Bur. says: The California oil lands controlled by the So. Pac. Ry. are est. to be worth $100,000,000. The ownership of these lands permits it to secure fuel oil at a price the equivalent of a saving in interest on $200,000,000 a year.——W. C. Langley & Co.'s letter says: The co. has very valuable lands and other assets which are at present non-productive, but which make the value of the com. about par, independently of the income from operations. In this respect the co. is in a stronger position than Atch. and other southwestern roads, and it would be quite feasible to segregate these oil and other properties as the Gt. North. ore lands were segregated by Mr. Hill. The Govt. suit for the termination of the control of So. Pac. by Un. Pac. remains to be decided, and should not be lost sight of; but whatever the decision may be, no alarming results are expected by the stockholders.——Co. has called its pfd. stk. for payment, beginning July 15. Official statement reads: "The board of directors of the So. Pac. Co. to-day called for redemption the pfd. stk. of that co. at $115 per share, on the 15th day of July, 1909. At the same time the board authorized an issue of not exceeding $100,000,000 of 4½ per cent 20-year gold bonds or debentures, redeemable after 3 yrs. at 105, and provided that any holder of pfd. so desiring should be entitled to exchange for such 4½ per cent bonds, dollar for dollar, and receive in addition $20 in cash for each share of stk. exchanged. Thus the holders of such pfd. now, and until the including July 15th will have three options: (1) To exchange for a like amount of said 4½ per cent bonds and $20 per share in cash. (2) To convert such stk. into the com. of the co., dollar for dollar. (3) To surrender the said stk. on July 15 and receive $115 per share therefor. A semi-annual div. of $3.50 per share upon the pfd., heretofore declared, will be payable on July 15 to holders of record on June 30, and a quar. div. on the com. stk. of $1.50 per share will be payable on July 1 to the holders of the div. warrants appertaining to the com. Hence, to guard against the loss of the difference in div. by those desiring to convert their stock prior to July 1 (when both classes will be ex-dividend) the directors have provided that holders of pfd. converting the same now and leaving an order will, on July 15, be paid the difference in div., amounting to $2 per share. Pending the engraving of the 4½ per cent bonds, temporary certif. for such bonds will be issued to those desiring to avail of the privilege to exchange their pfd. stk. for bonds and cash. The bonds will be of the denomination of $1,000, and to effect exchange the stk. must be tendered in lots of ten shares, or multiples thereof.

Southern Railway—Kissel, Kinnicutt & Co.'s special circular says: All indications point to uninterrupted continuance of the present improvement. Current available income is materially greater than fixed chgs., earning about 5 per cent on $60,000,000 pfd. The property in excellent physical condition, well equipped, and operated skilfully and effectively. The tributary territory is inc. steadily in population, and its industrial development broadening. Co.'s interlacing lines traverse 11 states, and serve, directly or indirectly, upward of 20,000,000 population. We believe that the securities of the So. Ry. are now selling at prices below their value, and that they should appreciate so as to discount in some measure the co.'s future. Reasons: Future assured not only by record of continuous growth and its present position, but also by the fact that industrial and commercial potentialities throughout its territory are far greater than ever.——Co. has sold additional $5,000,000 develop. and gen. mtg. 4 per cent gold bonds to provide for retiring as many as possible of $15,000,000 6 per cent convert. notes due May 1, 1911, of which $3,891,000 have been drawn for redemption May 1.——Hayden, Stone & Co.'s mkt. letter says: We figure that because of its inc. trans. efficiency the So. Ry. is able to add to net earn. an amount equal to 5 per cent on its pfd. Just now the co. is reporting monthly gains in gross with further reductions in transp. costs so that it is able to add to maintenance and still show large inc. in net. For the current fiscal yr. to end June 30 there will be available 6½ or 7 per cent for the pfd. From present outlook reasonable prediction that pfd. divs., when again resumed, can be paid continuously and earnings for com. will be gradually inc. until both classes attain a position warranted by their equity in a completed system covering the entire South with more than 10,000 miles of road.

St. Louis & San Fran.—W. St. Jour. says: The St. L. & San Fran. will be in a position at the end of this fiscal yr. to resume its 4 per cent div. on its 2d pfd. At the end of the first 9 mos. of the current fiscal yr. the co. had a surplus available for div. of $737,335. Based on this showing, it should have surplus on June 30, next, of considerably more than $1,000,000—perhaps $1,500,000. A surplus of $1,500,000 this yr. is not sufficient ground on which to base expectation of a resumption of payments. The company could pay 4 per cent on both classes of its pfd. and still have a bal. of $650,000 which would properly belong to the $29,000,000 com. As practically all of this class is owned by R. I. Co., any excess of surplus over the requirements of the pfd. is looked upon as an equity of R. I.——N. Y. Stock Exch. has listed $29,084,000 general lien 15-20-year bonds due 1927. Notice given that the unredeemed part of the $16,000,000 St. L., M. & So. E. 5-yr. 4½ per cent bonds due June 1 will be pd. at Bankers Tr. Co. and the J. coupons paid at the Merc. Tr. Co.

St. Louis Southwstn.—N. Y. Com'l says: Co. has made a long-term lease of the so-called Valley line, which secures for the former entrance into St. Louis to a connection with the Wab. and also gives to it a line into Chicago over the Wab. It is expected that this arrangement will result in a material increase in the co.'s business.——Jour. of Com. says:

An initial semi-annual div. of 2 per cent on pfd. was declared. Directors consider that the earnings have reached a point justifying the inauguration of div. on the pfd. at the rate of 4 per cent per an.

Tennessee Copper—Co. was in negotiation with the new fertilizer co. for many months regarding output of copper co.'s new sulphuric acid plant. The Independent Fertilizer Co., afterward called the U. S. Agr. Co., paid $500,000 in cash as an option to secure the entire output under a contract which called for further paymts. of several million dollars in cash and stk. of the new co. Some of directors of the copper co. are pleased that the option has not been exercised, and that the payment already made will be thereby forfeited; they are convinced that their co. can finance the new construction which is in progress without assistance, and that it will be for the ultimate advantage of their stockholders to forego dividends for a time, if necessary, in order to realize larger profits when the plant is finished.

Third Ave.—Boston News Bur. says: Yr. end. June 30, 1908, gross $5,575,000, net $1,420,000. Chgs. paid during the year $1,060,000, leaving an apparent surplus $360,000. Until the reorganization is effected, it is encouraging to see co. earning enough to pay operating expenses and such fixed charges as incurred since the receivership.——Jour. of Com. says: It developed yesterday that the reorganization plan of the 3rd Ave. Ry. properties is well under way and will be announced within a few weeks. The properties are not to be sold until next fall. In the plan of reorganization bondholders will be asked to authorize an expenditure of $7,500,000. One million of this will probably be spent for new tracks. Of the remainder $2,500,000 will be employed to take up the receiver's certificates. This money has been spent by the receiver for improvements and betterments.——Wall St. Sum. says: Judge Lacombe, in the United States Circuit Court, has signed an order continuing Frederick W. Whitridge as receiver.

Toledo, St. Louis & West'n—W. St. Jour. says: Theodore P. Shonts, president of the Tol., St. L. & W., est. that the road, considered solely as an operating proposition and omitting all consideration of its relations with the Alton, will earn in the current fiscal year a surplus of approx. $150,000 after its pfd. divs., or 1½ per cent on the $10,000,000 com. It is significant and, taken in conjunction with the showing the Alton is making in the way of earnings, implies that Clover Leaf com. will soon be put on a div. basis. Clover Leaf owns 64,800 shares of Alton pfd., on which it will receive div. of 4 per cent, amounting to $259,200. This, however, is only sufficient to pay the 4 per cent int. on its $6,480,000 series A gold bonds issued to acquire the Alton pfd. Clover Leaf also owns 144,200 shares of Alton com. on which it has already received another 2 per cent in this fiscal yr. The probabilities are that it will receive another 2 per cent div., making its income from this source during 1908-9 $576,800. This is where Clover Leaf makes most of its profit on its acquisition of the Alton, for to acquire the common stock it issued $5,047,000, series B gold bonds, the interest on which will be but 2 per cent until 1912, or $100,940 this year. Thus the Clover Leaf's profit on its investment in the Alton will be $475,860 in the current fiscal yr. This is equal to 4¾ per cent on the $10,000,000 com., which, added to the 1½ per cent from operation, makes 6¼ per cent the probable amount to be earned and applicable to div. on com. Directors will meet in Sept. to act upon the pfd. div., and if present trend of earnings continues it seems probable com. will then receive its first dividend.

Twin City.—W. St. Jour. says: Substantial inc. in earn. gives promise of an adv. in the div. rate before end of yr. The statement for the first three mos. showed an inc. of 10 per cent gross, a gain 10½ per cent net and a corresponding inc. of surplus avail. for div.

Union Pacific—Boston Fin. News says: When conditions throughout the country assume the healthy state prevailing prior to the panic of 1907, it would not be at all surprising to see Un. Pac. pile up earnings equal to 30 per cent or more on its com.——Boston News Bur. says: Said the representative of a stock exchange house: "The notable feature of the existing speculative situation is the disappearance in the past fortnight of such a large amount of Un. Pac. that this stock is now in relatively scant supply.——Extracts from private letter to J. S. Bache & Co.: "Messrs. J. S. Bache & Co., New York. Gentlemen—Possibly the observations in this letter will be of some little interest to you. Some critics either lack your intelligence or your fairmindedness in this matter, and would have us believe that Un. Pac. is unduly economizing at expense of proper maintenance chgs. Far from it. As a traveling man, I see and closely observe thousands of freight cars a month on North Pacific Slope; enough to get ideas of value as to average equipment characteristics. Referring to box cars: More than 90 per cent of such cars I see of the Un. Pac. are of steel construction, except walls, which are of wood, of course; more than 66 2-3 per cent of such type of So. Pac. cars are of steel construction, except walls; less than 10 per cent of No. Pac. cars I see are of that type; none of Burlington, St. Paul, North West. or Gt. West. are of that type, which I see. And what is true of box cars is true all down the line. No wonder U. P. maintenance chgs. should relatively decline with such superior equipment. And that they were intended to decrease, relatively speaking, is precisely the reason Mr. Harriman poured so many millions into the upbuilding of his roads. In other words, it is the fruitful realization of the maxim: 'The best is the cheapest.' Take another instance: The Harriman roads are far ahead of all other roads west of Chicago in the matter of up-to-date block signals (automatic). Wall Street as a whole is yet sound asleep as to the fact that U. P. is easily the cheapest and best standard railroad stock."

United Dry Goods Cos.—N. Y. Times says: This co. will take over the H. B. Claflin Co.'s wholesale business, James McCreery

& Co., with its two stores in 23d and 34th sts.; the O'Neill-Adams Co., and four-fifths of the common stock of C. G. Gunther's Sons of 5th ave., of this city, and Stewart & Co. of Baltimore and J. N. Adams & Co. of Buffalo. In addition it will acquire outright Hahne & Co. of Newark, the Powers Mercantile Co. of Minneapolis, the W. Hengerer Co. of Buffalo, and the Stewart Dry Goods Co. of Louisville.—— Eve. Sun says: The J. P. Morgan & Co. temporary certificates for United Dry Goods Cos. 7 per cent cumulative pfd. stock have been admitted to the unlisted dept. of the Stock Exch. The firm announced to-day that all the $10,000,000 of that stock had been sold and no further applications would be received at the office of the bankers.

U. S. Cast Iron Pipe—W. St. Jour. says: During last month of its fiscal yr. 1908-9, which ended May 31, the co. operated on a basis of 90 per cent of normal as compared with about 60 per cent for the corresp. month last yr.

U. S. Leather—Boston News Bur. says: The present unsatisfactory conditions in the hide and leather markets have caused a number of tanneries to suspend operations altogether, and the big majority of the independent tanneries are now operating at hardly better than 60 per cent of full. This, in fact, almost exactly measures the present operations of the big U. S. Co.

U. S. Realty & Improvem'nt—Pres. Black states: "The co. has over $2,000,000 of cash in the banks. This is the largest amount the co. has ever had on deposit. Others are in a similar position. That every one has money is indicated by the low rates for call money and time money. It means reinvestment and consequently higher prices, and it is natural to assume that great proportion of the investment funds will find its way into real estate." ——W. St. Sum'y says: Irrespective of the fact that gross earnings enjoyed a slight expansion and net earnings a gain of nearly 12 per cent over the 1908 fiscal period, the U. S. Realty & Imp. Co., during 12 mos. end. Apr. 30 last reduced its dividends 1½ to 4 per cent. No explanation is given in the report with respect to the management's action in reducing rate from the 5½ per cent level maintained during previous year.

U. S. Rubber—Pres. Colt says in part: "The income statement shows that while owing to the general commercial depression our volume of sales decreased as compared with the previous fiscal year our profits are from $3,553,556 to $4,507,655, and that the earnings from operations have been sufficient for the payment of the regular 8 per cent dividend on the first pfd. and 6 per cent on the second pfd., leaving a surplus of $1,008,715 for the year.—— Hayden, Stone & Co.'s mkt. letter says: With the issue of its annual report, co. discloses a much stronger position than had been generally anticipated. The showing of earnings, equal to more than 4 per cent on com., after pmt. of pfd. divs., is to be regarded as the best in the co.'s history, in view of the falling off in gross sales. In view of the company's now proven ability to earn a satisfactory margin over pfd. div. in a year like the past, there should be a strengthening of the investment position of both 1st and 2d pfd. The 1st pfd. is still yielding nearly 7 per cent, and 2d pfd. yields about 7.5 per cent.——Co. has secured a substantial int. in the Canadian Cons. Rubber Co., Ltd.——N. Y. Stock Exch. authorized listing $15,000,000 10-yr. 6 per cent Col. Tr. S. F. bonds, due 1918. Representative states that a French syndicate has acquired 50,000 shares 1st pfd., and negotiations toward listing of securities representing the stock on the **Paris Bourse** have been practically concluded. ——Boston News Bur. says: The 50,000 shares of U. S. Rubber pfd. which have been taken by a Paris syndicate will be listed on the Paris exch. through the same method which the Steel Corp. is following. The stock was not sold to the syndicate by the company, but the syndicate was compelled to buy the stock in the open market, the company simply agreeing to pay dividends to the American agents of the syndicate on 50,000 shares of 1st pfd. In the case of the U. S. Rubber Co., the French investors sought the company, rather than the company seeking the French market as was the case with Steel.

U. S. Steel—J. S. Bache & Co. estimate: Net earnings per ton of steel have averaged $14.25 over the last seven years, so that the earning capacity on these averages, with full output, would be $185,000,000 per annum, or about 20 per cent available for dividends on the com. But production has only reached about 70 per cent of normal. This, combined with lower prices, favors an estimate (if output does not increase) of something like $110,000,000 net earnings, or about 4 per cent on the common. The increase in the last two weeks is of a character to encourage higher estimates of output; and the inside steel interests are optimistic on the outlook, and consequently on the value of the Steel stocks.—— Boston News Bur. says: Since the profit-sharing plan became operative, the corporation has sold to employes 193,493 shares of pfd. and 15,318 shares of com. stock. The pfd. shares cost the employes $16,725,780, and the com. shares $765,900. The market value of the pfd. shares on a basis of $120 a share is $23,219,160, so that the paper profit to employes on a basis of the present market valuation and the purchase price is approximately $6,500,000. The com. stock represents a paper profit of $143,800. Therefore the employes, if they had held all stock purchased, would be able to show total paper profit of approximately $6,650,000. A surplus of $20,000,000 in the last half of the year would enable the corporation to meet construction expenditures in that period, without drawing heavily upon assets. Outlays for new construction over last two or three years have been unusually heavy, owing to building of the Gary plants, but it is expected that after Jan. 1, 1910, expenditures will show a material shrinkage. This will enable more consideration to the payment of larger dividends on the com. stock.——Should the railroads place average orders for steel, it would not require a great while for the corporation to increase its pro-

duction to the extent of, say 85 per cent of capacity. In this connection it must be remembered that the Steel Corp.'s capacity is much larger than it was a year ago, due to the partial completion of the Gary work and the acquisition of Tenn. Coal & Iron Co. The Steel Corp. in May will receive a volume of new business aggregating close to 1,000,000 tons, the heaviest month's business reported in several years.——W. St. Jour. says: Judging from the improvement in business in the current quarter, corp. should show net $100,000,000 or more in current yr. However, these earnings not large enough to permit inc. in com. div, while pursuing such an aggressive campaign for new construction. Corp. will be operating close to 80 per cent of blast furnace capacity by June 15, and if the tendency of steel prices continues upward, successive increases in monthly earnings can be expected for some time to come.——N. Y. Jour. of Com. states: The month ending yesterday was the greatest in the history of the trade. Orders, it will be learned with some surprise, have reached the unparalleled total of 1,500,000 tons. Morgan, Harjes & Co. have formed a syndicate for the introduction of the common shares of the U. S. Steel Corporation on the Paris Bourse. The listing of Steel com. is counted upon as an entering wedge for the general introduction of American stocks. The only other American securities heretofore listed in Paris have been single issues of the New York, New Haven & Hartford and Pennsylvania Railroad bonds.——Boston News Bur. says: We understand that there has been some consideration given to the placing of a $50,000,000 mtge. at 4½ per cent on the Gary steel plant. If it is finally decided to issue these bonds, they will be placed at par and guaranteed by U. S. Steel. A leading interest in U. S. Steel says: "The Gary plant can beat all records for cost of steel manufacture and from that plant alone we figure that we can earn the interest on a $50,000,000 mortgage if it is decided to issue such bonds and pay the dividends on U. S. Steel com."——N. Y. Com'l says: The Steel Corp. and its former most active opponent, Rep. I. & St. Co., have reached an agreement by which there will be no more war on prices, etc. The announcement is made here that the two concerns have made a trade of Ohio property for Penn. property, each side practically disarming itself for any future territorial warfare. By the deal just closed it is made known that the two concerns have agreed to exchange these war grounds. The Steel Corp. gets the Sharon, Pa., property and the Republic the Youngstown plot. About $250,000 is represented in the transaction, which means there is to be no more war between the two concerns, at least not at these points.——Boston News Bur. states: The present market value of Steel com. is approximately $330,000,000 and the pfd. $435,000,000, a total market value of $765,000,000. This is within $100,000,000 of the par value of both and the highest to date. The advance in Steel com. has been due to: 1. The placing of the common stock on a 4 per cent basis in the near future. 2. The listing of the securities on the Paris Bourse. 3. Net earnings of $28,000,000 for the current quarter. 4. The bonding of the Gary plant. Representatives of the corp. do not expect larger disbursements to shareholders until the latter part of the year, as expenditures are running considerably in excess of earnings. Earnings for the current quarter will be larger than indicated by earlier rumors, but it is unlikely they will touch $28,000,000. The real strength of Steel com. is probably due to the improvement in steel conditions. Mfrs. are of opinion that a permanent turn for the better has been reached and that tendency of earnings, prices and production will be upward from now on. The Steel Corp. has increased its production from 59 per cent to 80 per cent since February, which in itself is a strong argument in favoring higher prices for the shares. Again, steel prices have gone up $4 to $6 a ton from the low level, and there has been a corresponding increase in earnings.——Nat. Tube Co. of the U. S. Steel Corp. has fired its blast furnaces at the Riverside tube works at Wheeling and the whole of the big tube works will go in operation in a few days, after an idleness of nineteen months. It employs 4,500 workmen.——Holland is now credited with holding 11 per cent, or approximately 550,000 shares, of U. S. Steel com. With the sale of 100,000 shares of Steel com. in France, it is expected that French holdings of the stock will show an increase, as in the case of Holland holdings. Germany and Gt. Britain also are large holders. One financier estimates that at least 20 per cent is held abroad. N. Y. American quotes John Lambert as saying that Steel com. will sell at par, that in July the regular dividend will be declared and an extra of 2 per cent, and that, in addition to the sale of 100,000 shares in Paris at 63½, the Morgan firm has given the French bankers an option on another 100,000 shares at 68. Orders for steel during the month of May were the greatest on record, and far above any newspaper estimates that have been made. Est. net for quarter, $28,000,000, or $50,000,000 for the first half year.——Boston News Bur. says: One expert on Steel, in sizing up the position of the company in broad terms, says: "By the time the Gary plant is completed, the corp. will have a finished steel capacity of 14,500,000 tons. The average operating profits for finished steel in recent years have been $14 a ton. Granted this for the future, it would mean operating profits of $203,000,000. $100,000,000 would be ample for depreciation of the Steel Corp.—as it will be when enlarged—for interest charges, sinking funds and pfd. dividends, leaving a balance of $100,000,000 for com., equivalent to 20 per cent. Paris cable quotes H. S. Harjes of Morgan, Harjes & Co. "It is not only the 100,000 shares of Steel com. which it is intended to introduce here, but 1,000,000, representing 20 per cent of the com. stock of the corp. The fact that Steel com. is being introduced in the official market and has been accepted by that very exclusive conservative institution, the Chambre Syndicate des Agents, speaks for itself and will be

appreciated by any one having a knowledge of the Paris Bourse."

Union Bag and Paper—N. Y. Stock Exch. has listed $210,000 addl. 1st mtge. 5 per cent bonds, making total authorization $3,947,000. ——W. St. Jour. says: Gross business for 1st quar. current fiscal year shows some imp. over corresponding quar. last year. Earnings would have to make a material increase to cause the management to inc. div., as it has consistently held to the principle of conserving its resources and strengthening its holdings in the form of woodlands. In spite of the fact that earnings are and have been considerably above payments, the company has held to the 4 per cent distribution on the 7 per cent cumu. pfd. stock. Arrears on the stock now amount to 7½ per cent.

Utah Copper—Said that the Guggenheim terests now own from $35,000,000 to $40,000,000 of stock in the Utah Copper Co. and the Nevada Consolidated Copper Co. at the present market value of the securities.——Boston News Bur. says: Utah Copper interests say that they are just beginning to get the results that they have been striving for and that they now see their way clear to an annual output of 70,000,000 lbs. of copper with the present equipment at a cost of 7c. per lb. Stockholders need not anticipate an increase in div. until co.'s working capital has increased to a point where it can carry its own copper. There is still considerable stripping to do, which will call for an expenditure of fully $500,000 the current year.——Hayden, Stone & Co.'s mkt. letter shows that 15c. copper means earnings of $5.75 per share, and 18c. copper means earnings of $8.40 per share.

Va.-Carolina Chemical—W. St. Jour. says: Official says co.'s gross sales considerably larger than last year. Season not yet over, but output will run from 6 to 10 per cent in excess of fertilizer sales last year.——Boston News Bur. says: Co. undoubtedly in best financial position in its history. Net working cap. between $18,000,000 and $19,000,000, a result made possible by funding of floating debt into bonds through the issuance of $12,000,000 5 per cent bonds last October.——Officially announced that question of a distribution on the com. deferred until a later meeting of the board next month, owing to the fact that the full returns for the fiscal yr. have not yet been received.

Virginian Ry.— This railroad will haul about 200,000 tons of coal for delivery to Seaboard Air Line for use on the northern end of Seaboard coming year. Active competition for this contract. Said that within three mos. should be earning operating expenses, and within 12 mos. should show a small surplus over a fair interest on cost of construction.

Western Pacific—Fin. World says: Not a single 5 per cent 1st mtg. railroad bond carried on the roster of the N. Y. Stock Exch. selling as low as the 5 per cent 1st mtg. bond of the Western Pac.

Western Union—N. Y. Eve. Mail says: Although courts have decided that co. is entitled to $6,000,000 from Am. Tel. & Tel. Co., it does not bring increased dividends for former any nearer. Officials say that it may be years before they get the actual cash.

Westinghouse Electric—Gross sales running at the rate of slightly better than $25,000,000 per annum, which is an improvement of about 110 per cent from the low point of the panic. Showing steady monthly gains in orders booked. The April sales of railway dept. largest in co.'s history.

Wheeling and Lake Erie—An authy. says that under favorable conditions at least 70 per cent of revenues must be spent for operation, which is easily understood when it is remembered that seven-tenths of the road's traffic is in coal and ore. Moreover, it has a large empty car movement, the shipment of ore from the lakes to the Pittsburg district not being balanced by the return shipments of coal. This unbalanced traffic amounts to about 42 per cent.

Wisconsin Cen.—H. F. Bachman & Co.'s (Phila.) special circular says: Pfd. substantially all dep. with the Soo, in exch. for its 4 per cent Leased Line certif. They are, in fact, a Soo col. tr. bond, with Wis. Cen. pfd. as col. Reasonable to assume that these certif. will, in the course of time, rank with other high-grade issues of the same type, such as Atl. Coast Line L. & N. 4s. The com. represents the future possibilities of the enterprise. These are indeed of great promise. While not anticipated that divs. on com. will be paid till lines of co. fully accommodated to their new relation. Difficult to imagine any circumstances which can long defer the reaping of the large advantages consequent upon the conversion of a moderately successful, independent railroad into the Chic. Terminal Div. of a powerful trans-continental railroad system, pledged to divert to it all traffic capable of such diversion.——Time for accepting deposits of pfd. stock without penalty is extended to July 1st, after that $2 per share penalty.

People constantly ask our opinion of this or that stock or the market. We *never* respond.

No opinion is of real value except your own.

If you don't realize this it's because you haven't cultivated your opinion up to where it deserves your respect.

The Letter that Silenced 'Everybody's' Anti Wall Street Campaign

On April 28th last, two months ago, the following letter was delivered to Erman J. Ridgway, of "Everybody's" Magazine. Mr. Ridgway has not seen fit to print it, in spite of the personal questions which he put to Mr. Wyckoff in his May issue. It is also a significant fact that since this letter was delivered, no issue of "Everybody's" has gone to press containing an anti-Wall Street article, and no prize stories, announcements, or advertisements thereof have appeared. "Everybody's" failure to print this letter savors of cowardice and admits its defeat.

April 27th, 1909.

Erman J. Ridgway, Esq.,
31 East 17th Street,
New York City.

My Dear Mr. Ridgway:—

In an ink-slinging contest it often happens that a certain ineradicable kind of the dark fluid has to be called into action. He who hurls this particular brand, when accused of unfairness, retorts: "All is fair in love and 'a regular Kilkenny cat-fight,'" which is your newspaper definition of this exhilarating controversy.

Both sides having been heard from, let us see how matters stand:

1. *Everybody's* got into its head the idea that "Margin Gambling" in Wall Street is wrong.

2. *Everybody's* hired one Frederick S. Dickson to demonstrate to its readers the correctness of this idea.

3. The Ticker has proved that neither you, as the dominant factor in *Everybody's*, nor your editor, nor Frederick S. Dickson, your "leading attorney," have sufficient combined knowledge of the subject to entitle you to a well-founded opinion. Therefore the three of you have no right to sit on the Wall Street fence and croak: "We know but little about it, but it's rotten."

4. The Ticker has put to you, Mr. Ridgway, certain questions in an endeavor to make you testify that *Everybody's* is guilty of Margin Gambling in both stocks and magazines.

5. You have sidestepped some of these questions and, as we will show, pleaded guilty in the case of others.

6. *Everybody's* position is therefore hypocritical, whether intentional or otherwise, we do not say.

7. *Everybody's* has brought forward additional witnesses to testify that Mr. Dickson *did* know what he was talking about.

8. *Everybody's* has called upon Mr. Thomas W. Lawson for advice and assistance. Mr. Lawson has attempted to rebut The Ticker's arguments, while endeavoring to cheer and console Mr. Ridgway.

9. Mr. Ridgway has put to Mr. Wyckoff, Owner and Editor of The Ticker, three questions relating to his former experience in the brokerage business.

With the premises before us, by all means, let's "on with the fight."

Take your reply to the article in the March Ticker: You reprinted this to show how little we could find to say in support of "Margin Gambling." We have, thus far, not attempted to support "Margin Gambling"; we have been demonstrating that you and your assistants are not qualified to attack it.

You do not even know what "Margin Gambling" is!

We reproduce one of your answers on page 733, May *Everybody's*:

> "If the distinction between gambling and speculation does not lie in the amount of margin, we know not how to define the difference. A man who should operate in highly speculative real estate on a five per cent. margin would be a gambler. A man who should operate on a fifty per cent. margin would be a speculator, according to our lights."

To prove to you that you "know not how to define the difference," let us call in an unbiased and fully qualified third party, namely, Thomas F. Woodlock, formerly Editor of the *Wall Street Journal*, a man of long and wide experience as an editor and a close student of finance. (I trust you will concede that this gentleman is fitted to define Margin Gambling.)

In a recent lecture before the Investment Class of the New York University School of Commerce, Mr. Woodlock said:

> "Speculation is frequently confounded with stock gambling. The essence of gambling is the making of a contract, the outcome of which is determined by a future which is absolutely unknown and therefore wholly unascertainable, as, 'matching pennies,' shaking dice, cutting cards, etc. Stock gambling, therefore, is buying and selling stocks at random without any intelligent attempt at foresight. Stock speculation differs from stock gambling just in so far as intelligent foresight of the future is possible and is attempted by the speculator."

Mr. Woodlock's definitions are self-evidently true. You define a gambler as one who operates in highly speculative real estate on a five per cent. margin; you claim that an

operator working with a fifty per cent. margin would be a speculator. Well, then, tell me where the dividing line is. It must be somewhere between five and fifty. How would you designate the man who operated on a twenty-two and a half per cent. margin? Under the Dicksonian code would you make it legal for a person to employ a twenty-three per cent. margin and illegal if he used only twenty-two per cent.?

Now don't dodge by calling me a quibbler or putting the blame on Mr. Dickson. If your definition is correct, there is a dividing line. Where is it? Answer the question.

Then answer this one: In my experience as a stock broker, I have taken many an order to buy stock on a 100 per cent. or a 200 per cent. margin, the buyer of which made no attempt at intelligent foresight. Were these buyers speculators or gamblers?

The trouble with *Everybody's* is that it started its campaign without knowing the first rudiments of Wall Street and the Stock Exchange.

You, Mr. Ridgway, admit that you "for all practical purposes, do not know finance." You say that you have your doubts as to the amount of financial knowledge possessed by *one* of your editors who "thinks he knows a lot about it." This implies that the others who compose your editorial staff and your "Board" are in *your* class. Hence we assume that practically the only financial authority connected with your publication is this "Man-who-thinks-he-knows."

I believe The Ticker can give this "Man-who-thinks-he-knows" a run both for his money and his laurel wreath. Bear in mind, however, that it will do him no good to polish up on finance at this stage of the "scrap," as you are pleased to advertise it.

I demand that if we are to fight it out, it be on what *has* been said regarding Dickson's article by both *Everybody's* and The Ticker; also that whatever you print hereafter will have some distinguishing mark of authorship so that I will know who I am up against—Ridgway, the "Man-who-thinks-he-knows," or Dickson.

Whatever The Ticker has to say will be over my signature. I will take you on singly or all together—it makes no difference.

If you three succeed in burying me, it may interfere with my half-formed determination to punch a few jagged holes in *Everybody's* March, April and May Wall Street articles. In your judgment, you say: "There are not a hundred men in America who clearly understand finance." Of course, we assume that the authors of the above articles, Messrs. Parr and Adams, are two out of the hundred. No magazine of your standing would presume to offer to its readers arguments by those who do not understand.

As an Editor I realize that you cannot know definitely the truth of every piece of manuscript you purchase. But to persist in editorial comment ,after your staff's deficient knowledge of finance has been publicly pilloried, will surely hurt you in the eyes of every fair-minded man.

In case there should remain in the minds of your readers any doubt as to the utter lack of technical knowledge back of *Everybody's* campaign, I will select from your May issue one characteristic utterance. I refer to your query on page 733:

> "Why, then, is there a Clearing House where it is possible for ninety per cent. of a day's business on the New York Stock Exchange to be balanced off?"

The impression here given is unmistakably this: Ninety per cent. of the daily transactions are rendered null and void or are bucketed, or in some way or other manipulated to the disadvantage of the speculator through the operations of the Clearing House.

I will explain why there is a Clearing House. When I was in knickerbockers and busy holding down my first job in Wall Street, my principal duty was delivering stock certificates to other houses, getting their checks in payment, having these checks certified and depositing them in our bank. There was no Clearing House. Every share sold had to be actually delivered or there had to be what amounted to a delivery; viz. (Case No. 1): If we happened to buy 50 shares of St. Paul from the same house to whom we had sold 100 shares of that stock, we would only deliver 50 shares; the other 50 would be "paired off" by an exchange of checks. So that in the end, we would receive a check for, say, $14,000 for the 100 shares we had sold and would have given a $7,000 check in payment for the firty shares bought. Case No. 2: Time, 2.05 P. M. My firm has 100 St. Paul coming in from some broker and 100 shares going to Wales & Co., 9 New Street. We have no St. Paul in the box or in loans; so we must wait till the 100 shares come in then it's me for a Marathon down the stairs of the Mills Building, through the Stock Exchange tunnel and up a few flights to Wales' office. But at 2.10 P. M., Wales 'phones us to "Deliver 100 Paul to Donald, Gordon & Co., on receipt." This means that Wales has 100 shares going to Gordon and as it's only five minutes to delivery hour it will save time if *we* deliver the stock to Gordon, who is just around the corner from us on William Street. This I do, taking Gordon's receipt. I then go to Wales, surrender the receipt and get my check. Wales takes the receipt to Gordon and gets his check.

Now the Clearing House was established in 1892 to more expeditiously accomplish the same results described in these two cases. It cuts out about 90 per cent. of the leg work for the kids and an equal amount of check drawing and certifying for the clerks in the banks and brokerage houses. Only the most active stocks in 100 share lots or multiples are handled through the Clearing House. These number to-day only eighty-five out of about three hundred issues traded in. This number will change from time to time: as certain issues become active or quiescent, they are admitted to or dropped from the Clearing House list. The remaining issues are called "Ex-Clearing House" stocks and are still delivered in the old-fashioned way.

In a case such as cited by Mr. Dickson, where a house buys 5,000 Union Pacific and sells 4,900, the Clearing House would "pair off" the 4,900 shares and instruct from whom the remaining 100 shares is to be received. There is a "settling price" for each stock and every house either pays into or draws from the Clearing House the difference between this settling price and the price at which transactions have been made. At the close of a day's business, the Clearing House is without a cent debit or credit. No one has been "done" out of a dollar. Thus the Clearing House books show that every share of stock has been delivered. The Clearing House has simply acted as an intermediary, representing all the houses.

To attack the New York Stock Exchange Clearing House is to attack the legitimacy of that established by the Associated Banks of New York City, as the principle upon which all clearing houses are operated is exactly the same the world over.

Consequently *Everybody's* question: "Why, then, is there a Clearing House?" is paramount proof that *Everybody's* is totally incompetent to either argue or comment upon this Wall Street question.

You see I have not been defending either Wall Street or Margin Gambling. I *have* proved that you and "the-man-who-thinks-he-knows" and Mr. Dickson are not qualified to enter the arena. If you wish, I will take up said defense, even though handicapped by the necessity of instructing all three of my opponents in the rudiments of the business.

Before proceeding to your replies to The Ticker's questions and the questions you put to me, I should like to correct one more impression which *Everybody's* has attempted to give the public, as it embodies a rank injustice to every broker in the Street. On page 732 of your May issue you say that the broker "quietly delivers out* the stocks he has been carrying for his customers. He continues to charge his customers interest for carrying their stocks." In this you make it appear that loaning stock is detrimental to the customers' interests.

When a broker loans stock he is in reality borrowing money. It is the same as putting it up as collateral for a bank loan but with this advantage. If he deposits $12,000 worth of stocks with a bank, he can only borrow $10,000 in money, but if he *loans* $12,000 worth of stocks, he is borrowing $12,000.

Another advantage: If the bank charges 4 per cent. for money he can probably loan stocks (borrow money from bears) at 3½ to 3¾ per cent. The client who is long, thus gains the advantage of a lower interest rate, as the rate charged him for carrying stocks depends upon the average rate the broker has to pay during the month.

You give the impression that the broker is making wrongful use of the securities and has no right to charge interest on long stocks if he loans them out, especially to the bear operator who "comes into his office." Whom else would he loan stocks to except the bears and how could the bear sell short if they couldn't borrow stocks? Your Cammack story is vintage of 1884. Nowadays, bears borrow stocks in the "Loan Crowd" on the floor. This is simply an additional proof of *Everybody's* incompetence.

Now, Mr. Ridgway, as to your replies to The Ticker's questions. You were asked:

> "Is it not true that at least one of the owners of *Everybody's* made a large amount of money on information furnished him by Thomas W. Lawson on the eve of the so-called Lawson panic?"

You do not answer—you sidestep.

You say: "There are one thousand owners of *Everybody's*—holders of stocks and bonds. I do not know of one who made money out of the so-called Lawson panic." You also say: "Said owner of *Everybody's* did not make his turn on either side of the market."

Do you deny that your partner, Mr. Thayer, who, with you and at least one other, formed the original Ridgway-Thayer Co., which bought *Everybody's* from John Wanamaker—do you deny that Mr. Thayer made a large amount of money at that time on Lawson's advice? Please answer that you do or do not deny this. Your thousand present owners were not *Everybody's* owners during the Lawson panic.

The Ticker claims: Either in their stock market operations or in their magazine operations, *Everybody's* owners practiced "Margin Gambling," according to *Everybody's* definition as to what "Margin Gambling" is; namely, "A man who should operate * * * on a five per cent. margin would be a gambler." (See one of "*Everybody's* answers," page 733, May number.)

The absolute proof that The Ticker is right in this claim is found on page 735, May *Everybody's*. Here, Mr. Ridgway, you admit that you and your associates bought *Everybody's* from John Wanamaker on less than no margin. Thus, your own words condemn you as guilty of "Margin Gambling," as defined by *Everybody's*. YOU HAVE PLEADED GUILTY TO THE VERY THING WHICH IS THE BASIS OF YOUR ATTACK ON WALL STREET.

The Ticker assailed the Dickson article and *Everybody's* staff because they showed little or no true knowledge of Wall Street and because *Everybody's* was hypocritical.

The Ticker has, by your own admission, proved its case beyond the shadow of a doubt.

We leave it to your readers whether you are justified in continuing this campaign!

Permit me now to reply to your three questions:

1. Before launching The Ticker, were not you and Mr. Mallett in the brokerage business?

Answer: We were.

2. Did you not give up the brokerage business because one of you was unhappy over your customers' losses and unwilling to continue in the business? and

3. Will you tell the public how many customers you had and what percentage lost money with your house?

* To the bear operator.

Answer: The firm was not dissolved on this account. If my partner held this as one of his reasons he did not state it at the time, nor has he thus expressed himself to me since. I continued in the business for some years after the firm was dissolved. I was always unhappy over my customers' losses, as a clerk, as a manager and as a partner in three separate firms. This was *one* of the reasons why I eventually quit the business. Our firm had five hundred clients on its books, and, I do not know what percentage of them lost money. No such records were kept. I never investigated or even formed an opinion as to this percentage.

You see, I have fully answered your questions, Mr. Ridgway, and to stop here would bring me well within the rules of argument. But, realizing that this testimony, though complete, has not produced the evidence you desire, I will tell you just where THE TICKER and I stand regarding the public's losses in the Stock Market.

During my experience in the Street, I have come in touch with tens of thousands of speculators of the class known as "the Public." I have kept the books wherein their transactions were recorded and have come into close personal contact with them, thus enabling me to study their ways and methods, their manner of selecting stocks, their trading principles, and the innumerable things, big and little, which influence them in their operations.

I have also studied the habits of the successful people in the Street—the great banking houses, the groups of men who form syndicates, pools and cliques, the large operators, the floor traders, specialists and brokers.

My investigations were conducted always with a view to answering these questions:

1. Why does "the Public" lose?
2. How can I help "the Public" to win and thus benefit myself?

I realized that the measure of my success was largely dependent upon that attained by my clientele. This led me, on one occasion, to throw over a position where I was making $18,000 a year to accept one paying only $12,000 a year, where I believed my clients who followed me would benefit and I would obtain a new viewpoint. This latter I also voluntarily resigned under protest from the house, and quit the brokerage business altogether, because in a broad sense, I hadn't found the answer to both my questions. Another reason was that the money came along too easily and I found myself growing mentally sluggish—there was nothing to fight for.

Some time afterward, while dictating an article showing how the outsider could accomplish certain things in connection with the stock market, the solution of this problem flashed across my mind. Here it was:

1. The Public loses because *it doesn't know how* to trade.
2. It doesn't know how because *it has never been shown.*
3. I can start a publication designed to "show" the Public and if the Public is really benefited, I may make a dollar or so.

The outcome was THE TICKER's first issue, which appeared in November, 1907, containing the following "excuse for living":

> All business is a speculation, and speculation is a business. Ninety-five per cent. of all business men fail, even in the lines they understand best. Ninety-five per cent. of those who speculate lose money—chiefly because they scarcely know the rudiments (much less the technique) of money-making in the market-place.
>
> In many other vocations the student is guided by text books, coached by experienced teachers, put through a regular course of training and serves an apprenticeship before launching out for himself.
>
> But the average man gains his knowledge of the markets from his daily newspaper and learns to swim the sea of speculation or investment by jumping overboard.
>
> THE TICKER is bearish on the last 95 per cent. above mentioned. It believes that by collecting, selecting and boiling down all obtainable data on the subject and presenting it in predigested form to its readers, this 95 can be hammered down toward the 90 mark.
>
> Therefore, whatever may appear on these pages will first be measured by this rule:
>
> WILL THIS ARTICLE HELP PUT DOLLARS IN THE POCKET OF THE MAN WHO READS IT?
>
> Our contemporaries occasionally touch this field. We propose to cover it. Others print news, gossip, opinions; we will print the HOW of the markets.

Did the Public jump for THE TICKER when it appeared? By the Great Blue Pencil, NO! I had to bribe them with a $7 book to get them to read it for a year so they could decide at the end of that time whether or not they *had* been benefited!

This has since proved to have been due not so much to THE TICKER's lack of merit (which my critics might claim), as to the fact that the American people as a whole are a nation of gamblers. In addition they did not realize what we were doing for them. Americans are, of course, business men, professional men, etc., and their gambling is generally done on the side as a cupiditous diversion; but this makes them none the less gamblers.

The great mass of people interested in the stock market *do not want to learn how* to speculate or invest intelligently. They want to gamble. They want tips. They prefer to "take a chance" on your guess or theirs being right.

Gambling is one of the strongest of human instincts and to endeavor to eliminate it by passing laws, closing stock exchanges or showing up the tricks of the trade is like trying to cure hunger by wiping out the bakeries and explaining that all food is adulterated.

The passing of anti-lottery and anti-race

track laws has simply driven those engaged therein to other localities or obliged them to seek substitutes. The anti-speculative laws of Germany did not put an end to speculation. People evaded the laws or traded through foreign exchanges. Germany now admits her mistake.

Make the manufacture, sale, owning or playing of pianos immoral according to law and you'll have the people smuggling keys, strings and sounding boards into ships where they can reconstruct and enjoy the instruments. Forbidden fruits are the sweetest.

Would any number of legal restrictions have kept you from publishing *Everybody's* if you really wanted to do it?

Neither The Ticker nor the writer are in favor of gambling—in stocks or anything else—but we claim that you cannot cure it by legislation.

You say *Everybody's* is "agin' Margin Gambling because it is not fair to the gambler," and ask The Ticker if it has any influence to "turn it that way." The Ticker *is against gambling in stocks,* and by gambling in stocks, *we mean buying or selling stocks without the use of intelligent foresight.* The amount of margin employed is incidental and has no bearing as regards ethics or legitimacy.

This is how The Ticker is using its influence, a policy which *Everybody's,* if it really has the interests of its readers at heart, will do well to follow:

The Ticker believes that the so-called Wall Street evil can be remedied only by working toward the education of the individual.

The man who is gambling without intelligent foresight should be induced to employ this foresight.

The speculator who is using foresight should be taught to improve his methods and safeguard his commitments.

People generally should be warned that investment is "the placing of capital in a more or less permanent way, mainly for the income to be derived therefrom."

The Ticker claims that the Public draws its inspiration chiefly from what it reads in the newspapers and that most newspaper financial columns are written by men of little or no fundamental or technical knowledge; that such columns are historical rather than prognosticative and are of practically no educational value. Therefore, The Ticker is working for a better class of material in the newspapers and is trying to induce brokerage houses to place educational literature in the hands of their clients.

The Ticker claims that one brief article which will 'rouse men to think for themselves and speculate intelligently and on their own judgment is worth more to the public than all the muckraking anti-Wall Street articles printed since the earth was watered and the Ark was floated.

The Ticker claims that people who cannot operate on their own judgment should not do

The Cotton Kitty
$536,000,000

"Everybody's" poor emaciated little Stock Exchange Tabby

The American Railroad Kitty
Two Billion Dollars Large

so at all; and that the real "Poison of the Street" is the Tip, regardless of its source.

Now if *Everybody's* really wishes to aid its readers, it will first cultivate the acquaintance of men like Mr. Morgan (whom you so admire), his partners and those of other representative banking houses, the majority of whom I have found readily approachable and willing to comply with any reasonable request for information.

Everybody's will then familiarize itself with the better element among Stock Exchange members. It will find that the big decent majority of men in Wall Street have long been in the habit of "turning the rascals out" as soon as discovered; that the A. O. Brown concern was *forced* out and that many a Stock Exchange seat which quietly changes hands is sold under compulsion, owing to certain irregularities uncovered in secret session.

Everybody's will realize that, even if 95 per cent. is a fair estimate of the Public who lose, less than 5 per cent. stay at it long enough to "go broke." *Bradstreet's* figures bear this out.

Everybody's will learn that a few nuisances on the shores of an ocean do not convert it into a cess-pool.

That manipulation can only be conducted effectively when the opposing side (the Public) has not been educated to *benefit* thereby.

That the best way for *Everybody's* to aid in checking gambling and manipulation is for it to disseminate educational, not iconoclastic literature.

That, if manipulation, trickery and other abuses exist in the Stock Exchange, the proportion from any standpoint is no greater than that in, say, the publishing business, where manipulation of circulation figures and other means of deception are so generally practiced as to be the accepted rule.

That statements showing $180,000,000 "eaten up" every year "before anybody on the outside wins" or "picks up a cent of profit" (see your advertisement) are absurd on their face, and even if they were true, they would not compare with the following warnings which *Everybody's* might also sound:

Don't ever try to raise a bale of cotton because, you see, last year's "Cotton Kitty" was $536,000,000—three times greater than the "Wall Street Kitty."

And to think of building a few miles of railroad for profit would simply mean ruin—just look at the size of this "American Railroad Kitty"—she's $2,000,000,000 large (according to Poor's Manual)—eleven times more voracious than *Everybody's* poor, emaciated little Stock Exchange Tabby.

Altogether, Mr. Ridgway, The Ticker believes you would do well to let the Hughes Committee's report be the basis for whatever adjusting is necessary in Wall Street, and that *Everybody's* should fall in line with certain other highly respected magazines in its own class, which are now serving their readers and themselves by imparting knowledge of what is right and true in speculation and investment.

Yours very truly,

Richard D. Wyckoff

INQUIRIES

Is there any point in connection with the science, methods or customs of the various markets which you would like to have elucidated? If so, write questions briefly and they will be answered in this column or otherwise. If personal reply desired, enclose stamped envelope. Address Inquiry Department.

☞ We do not give advice or opinions upon securities or probable market movements.

Editor of The Ticker:

Dear Sir:

As a reader of The Ticker I take the liberty of asking a little advice, after having made an unenviable record in the field of investment and speculation.

I happen to be one of those unfortunates who read Mr. Lawson's *Everybody's* articles, and without questioning the truth of his statements I went ahead blindly and put all my savings into his infamous "Trinity" scheme. When the panic came I saved what I could out of the collapse in the price of this "stock," but withal the loss represented about $2,000. The money I had left I took to a highly recommended Stock Exchange house, but instead of investing in a standard stock I was again unfortunate in being advised to put my sa-

vings into a curb mining stock, but after holding the shares for several months without an opportunity to get out even and being out of the country at the time, my brother thought it advisable to sell same, and did so, taking one more loss.

Meanwhile I had saved a considerable portion of my salary, which I forwarded to my brokers together with a discretionary order to trade for me, and inside of three weeks received word that the operations so conducted showed a loss of $918, the trades made having all been closed out. Finally I decided to come home and straighten matters out, but my own efforts have been merely a repetition of previous experiences; everything I touched seemingly going contrariwise, and this in spite of what I considered to be carefully made plans on my part. When a stop loss was used the stock I was long of as a rule reacted sufficient to catch me, and altogether my experience has been most discouraging. From my observation, brokers as a rule get very bearish at or near the bottom of the market, and extremely bullish towards the top, and it is to this fact that I can attribute many of my losses.

In view of the circumstances, would it not be better for me to cease further attempts to recover part of my losses? From my introduction to the stock market through what appears to me now as the designedly misleading and dishonest advertising campaign of Boston's ——— ———, I have lost in various ways a sum representing between $4,000 and $5,000, and find myself left with about $350 as a result of 13 years' labor. It is therefore with the object of securing your valued advice as to how under the circumstances the sum remaining could be most advantageously used in recovering at least a small percentage of my losses, and with apologies for troubling you in the matter, I am,

Very truly yours,

L. F. R.

Answer.—Your experience is characteristic of many thousands of people who endeavor to operate without first acquiring a knowledge of the subject and making sure that they are fitted for the work.

Your letter shows that you have been operating on everyone's ideas but your own. First, you did what Lawson advised; then what your broker advised. Your brother then "thought it advisable" and sold for you. Next you threw the entire responsibility on a discretionary broker. Then you bought at the top and sold at the bottom, on your broker's advice. Your plans may have been, in the latter instance, what you considered carefully laid; but you were doubtless influenced to abandon or depart from them on your broker's recommendations.

We might say a lot about Lawson, the brokers and the discretionary houses, but that would not help get your money back. By this time it must be fully evident that other people cannot be depended upon to recover your money, so let us see how you can do it yourself.

Begin by resolving never to make another transaction that is not based on self-evident facts. In other words, ignore all tips, advice or opinions.

Put your $350 in the strongest trust company you can find, so that it will bring in a little interest, and you can draw a check for it at a moment's notice.

Then go about your business till a panic comes along. If you are not familiar with the signs of approaching panics, and the most advantageous time for making purchases, read the story entitled "A Specialist in Panics," in Vol. 2 of The Ticker. This shows exactly how to proceed, also how a small capital developed into a fortune by following the plan of buying only at such times. It will also pay you to read Burton's "Financial Crises" and Hall's "How Money is Made in Security Investments," as well as the other bound volumes of The Ticker.

When a panic arrives buy outright all you can pay for of the stock which appears at the top of the list in our Bargain Indicator. Had you done this in the last panic your capital would have doubled several times by now.

These figures are based on sworn statements of earnings and represent no one's opinion.

Do not go to your broker's office but when the time comes place the order with your trust company to buy the stock for you, receive it, and have it transferred to your name. This is safer for you, as the trust company does not pay for the stock until it arrives, so you take no risk of the broker's failure. Panics are ticklish times in the brokerage business, and your broker will prefer to deal with an institution on such occasions.

When you have the certificate, lock it up in your safe deposit box and go about your business again. Stay away from the market. Never look at a ticker, and above all don't go into a broker's office. In about a year or so, you will wake up some fine morning and find your capital has increased 50 per cent. or 100 per cent. or (as in the case described on p. 72, vol. 4), perhaps 500 per cent. You can then have your trust company sell the stock for you and credit your account with the proceeds.

Then attend to your regular business while waiting for another panic. Don't let anyone switch you off this plan. You have been easily influenced in the past. Resolve not to be in future. When tips begin to float around take to the woods. When Lawson advertises for suckers, practice yawning.

Learn all you can about the market. Figure values and earnings for yourself by getting a copy of "Moody's Analyses of Railroad Investments," so that each time you trade you will know more about it than before. Study past booms so as to know when it is best to sell.

The "Record of a Successful Account" described in our June number, shows how a trader starting with $945 in May, 1905, made about $5,500 net in four years. You may not do so well, or you may do better. At any rate don't quit, especially when you have in hand the acorn which is capable of producing an oak.

W. B.—Consolidated Exchange seats are selling at approximately $500. To gain membership, one must have from $5,000 to $10,000 of free capital over and above the cost of his seat. He must also bear a good reputation and be vouched for by two members of the Exchange who know all about him, his past record and connections. The Exchange is very careful as to the admission of new members and it would be necessary for you to furnish unquestioned references. The initiation fee is $500, the dues are $100 a year and the gratuities amount to about $250, which includes $6.50 assessment on the death of each old member. This, however, carries with it no insurance in favor of present purchasers of seats, but the assessments are credited to the account of the latter and at his death are paid over to his estate, with 4 per cent interest added. Seats can be purchased from the Secretary of the Exchange.

It is difficult to say whether you would secure better results by trading on the floor of the Consolidated or in the office of a N. Y. Stock Exchange house. You may not be adapted to floor trading; you may be unable to stand the excitement of the floor and the physical strain resulting from this work, as described in Vols. 1 and 2 of THE TICKER. On the other hand, you might be highly successful operating from the office of a Stock Exchange house. The advantages of the floor are that you have no commission to pay, no office expenses, and you are close to the market.

In trading from an office you must not only pay commissions, but stand the delays in transmission of your orders and the execution of them by your broker. We think it might pay you to try trading on the Consolidated for a while, operating in 10-share lots and keeping a close record of the number of points made or lost. If you cut your losses short and let your profits run, you should do well, but if you take big losses and overload, you will unquestionably go broke. Many successful operators on the N. Y. Stock Exchange began by following the above plan on the Consolidated floor. There is a ready enough market for small lots on the Consolidated. We do not think you ought to consider trading in large lots until you have had say a year's practice in which you have come out successfully.

W. E. M.—Your proposed plan has some good points and a great many weak ones. The market has several trends, from the long swing that runs through two or three years, down to the little daily one, two or three point swings. You should make up your mind whether you are trading for the daily swing or the ten-day swing, or the 30-day swing. The idea of trading on the stock of largest volumes is all right, but we would suggest that you make sure this is the stock which also has

the biggest swing. For example, Steel is often traded in to a larger extent than Reading or Union Pacific, but the two latter stocks usually move three points to Steel's one point. Our Tape Reading series explains the difference in the selection of stocks having the widest movement. Your plan of buying on dips when the average movement of 20 stocks has advanced one point, is not definite enough for you to act upon. There is no use taking indications of 20 stocks and then trading in one stock. The idea of buying when the line of resistance is broken through is all right, but this and your other rules have so many loose ends in them that we advise you to get your proposition down finer before attempting to trade on it. For instance, you say: "Double when chances of winning are more than ordinary." This leaves too much to judgment. Do not try to mix brains with a mechanical system. Make your system purely mechanical, or operate it entirely upon judgment.

W. F. R.—We advise you not to trade at all until you have made a thorough study of the business of speculation and investment. This may be accomplished by procuring all books and other publications relating to the subject. They will give you the experience of others. After absorbing them, which by the way should take several months, or a year or two, work out a code of your own—a definite plan which you propose to follow and try it out on paper for several months more.

Speculation is a business which has to be learned, the same as any other business or profession.

If you bought 400 shares of Erie common at 22 on a 10 point margin and sold at 29 your total profits would be $2000

Less commission ⅛ per cent on 800 shares	$100	
Tax on sale	8	
Interest	?	108
		$1892?

Your margin would not be encroached upon if you made a profit. Do not make the mistake of plunging into speculation without first having acquired a knowledge of the subject. That is the way the majority of people do and it explains why 95 per cent of them lose. You can get a better idea from back volumes of this magazine than from any other books we know of, because it is devoted to just that purpose—educating people up to right methods.

C. & M.—It seems to us that the young man mentioned would do well to call on some of the high grade investment houses, tell them that he has decided to go into the business and endeavor to hire himself out to them on their terms, even if he has to work for nothing for a while. If he can come to New York, he might stand a fair chance to get in with some of the big houses, but there is no guarantee unless he were willing to work for nothing until he proved himself capable, or unless he could start with an already established circle of friends from whom he could obtain some business. He might also get in touch with Roger W. Babson, Wellesley Hills, Mass., who runs a correspondence school of investments and is in personal touch with many bond houses and bond salesmen. There is an unlimited field for a man of ability in this line. A good salesman can establish a clientele and in the course of time, if he can raise capital, go into business for himself.

W. S. R.—The bases of the figures given in our Bargain Indicator are found in the Sworn Reports filed with the Interstate Commerce Commission monthly by every railroad in the country. Your idea that earnings are put out with the intent to deceive investors is altogether wrong. The Interstate Commerce Commission has jurisdiction over every road doing a business between states. Under the recent law railroad officials take their oaths to the required statements. In fact, beyond a certain amount of padding or "burying" earnings in the road, we think American railroad statistics can be absolutely relied upon. Alton has always been a high-class property. Its common stock formerly sold at 160 or thereabouts and paid 8 per cent for a number of years. Mr. Harriman watered it but the property is surely no worse for having many millions poured into it for improvement purposes.

R. T. A.—Replying to your recent inquiry, it is best for you to file your claim with the receiver. If you have securities as margin any brokerage house will pay your debit balance for you and take them up. It may be necessary to retain a lawyer in this case to see that your interests are protected. Your understanding of our opinion in this matter is correct. It is always best to have your broker acknowledge receipt of securities and state that he is holding them as margin, but in order to make them available the broker would probably require your written permission to hypothecate them. Otherwise he would not be able to use them as collateral in his loans.

F. J. D.—Annual reports of railroad and industrial companies may be had from the companies direct by writing to the secretary. Reports are also published in the "Chronicle," publication address Front and Pine streets, N. Y. Subscription price $10 a year. Benton's Railroad and Industrial Guides can be had free from almost any up-to-date brokerage house. The "Chronicle" also publishes foreign trade figures and bank clearings. Immigration figures may be procured from the Immigration Bureau, Washington, D. C. Roger W. Babson, Wellesley Hills, Mass., makes a business of compiling all these fundamental statistics. We suggest that you communicate with him.

J. C. S.—The Evansville & Terre Haute R. R. Co. informs us that the books closed September 15th last for two dividends pay-

able October 15th (2½ per cent) and April 15 (2½ per cent). As your purchase was made after September 15th, you therefore are not entitled to the April dividend. This is a very unusual proceeding, but it looks as though you were frozen out.

We cannot advise you as to your selling the bonds in question. We never give an opinion on such matters. Moody's Manual contains full information regarding Dering Coal Co. This Manual also has a monthly supplement in which the latest announcements will be found.

X. Y. Z.—Nelson's Wall Street Library consists of the A B C of Wall Street, The Anatomy of a Railroad report, The Theory of Stock Exchange Speculation, The A B C of Banks and Banking, and the A B C of Stock Speculation. We cannot recommend any of these books excepting The "Anatomy" and The A B C of Stock Speculation. We can supply whatever is desired among these or other financial books. Why not come in some day and look over all the publications we handle?

C. C. C.—The best way to inform yourself on Denver & Rio Grande is to consult Moody's or Poor's Manual or the Chronicle. These publications will be found in your banker's or broker's office. It would be well also to write to the secretary of the company, 195 Broadway, New York, for a copy of the last annual report. This contains exhaustive data. We could not supply the required information by correspondence.

E. M. C.—Judging from your letter and the circular which you enclosed, your account is in the hands of a swindler. We suggest that you immediately secure the services of a competent and reliable attorney and threaten this party with criminal proceedings if your money is not immediately returned.

W. H. J.—We cannot recommend your having anything to do with the firm of * * * nor any other house which deals in "Puts and Calls" not issued or endorsed by stock exchange houses. Vol. I of The Ticker contains articles explaining the advantages of trading by the use of privileges.

H. C. C.—This magazine is designed to assist people who really wish to know the scientific methods which are employed by the most successful speculators and investors. Doubtless, therefore, our bound volumes will help you more than any other set of books.

S. M. V.—We expect the articles on investments regarding the Y. M. C. A. lectures will run practically the balance of the year. We may also add certain lectures which are being given in the New York University course this season.

J. J. F.—The Orange Judd "Farmer" is published at Chicago. Litson & Maxwell's interest table can be had by addressing that firm at 66 Broadway, New York. See advertisement in March Ticker.

M. S. N.—We consider Thomas Gibson the best in his particular field. C. P. Asbury, of 25 Broad street, New York, works along different lines and is very successful.

J. A. A.—The article by Watts in the November, '07, issue was originally published under the title of "Speculation as a Fine Art."

D. A. B.—Walker's Copper Letter in The Boston Commercial, a weekly, is probably the best publication devoted to copper mines and stocks.

T. T.—Gold movements are explained in Vol. 3, No. 6. Bank of England notes are given in payment.

New Publications

Gibson's Manual for 1909.—This work is a compilation of capitalization, earnings, dividends, price movements, etc., of the principal railroad securities, many of which have been treated in Mr. Gibson's special letters throughout the past year. A unique feature is the introduction of charts, showing at a glance the stock market's history of the various issues—a great help and time saver to the student of price movements. There is also included a vast amount of miscellaneous, up-to-date information pertaining to the various properties, including names of officers and directors; date of annual meetings; details of recent reorganizations; changes of policy; new properties acquired; recent or contemplated mergers; traffic alliances and affiliations; new extensions and terminals; securities owned or controlled; real estate holdings; recent statements; plans under contemplation for the redemption of bonds or changing the character or quantity of the capitalization; recent authorization of new stock; bond sales; interest payments; receiverships and foreclosures; dividends and earnings and policy of officers thereto; voting trusts; general business outlook; output and stocks of commodities produced or dealt in; orders on hand; physical condition; improvement of plants; labor troubles; Public Service Commission's orders; government suits; other litigation and recent court decisions and mandates; advances or reductions in rates, etc. Price $5. Gibson Publishing Co., N. Y.